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| Africa | £ 20 | Argentina | Rs 3100 | Portuguese | Pes. 20 |
| Bahrain | £ 0 50 | Iceland | Rs 3 53 | S. Africa | Rp 700 |
| Belarus | £ 17 45 | India | 1 1600 | Spain | Rs 6 00 |
| Canada | £ 17 45 | Indonesia | Rs 1 25 | Turkey | TL 1 75 |
| Cyprus | £ 20 75 | Jordan | £ 2 50 | Venezuela | Bs 4 00 |
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| France | Fr 6 50 | Malaysia | Rs 4 25 | Tunisia | Rs 1 25 |
| Germany | DM 2 20 | Mexico | Rs 3 00 | Turkey | TL 1 25 |
| Greece | Dr 1 20 | Netherlands | Fr 3 00 | U.S.A. | \$ 1 50 |
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| Iceland | Fr 15 | Peru | Rs 1 00 | USA | \$ 1 00 |

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,151

Wednesday February 4 1987

D 8523 B

Peking turmoil
trickles down to the
factory floor, Page 3

World news Business summary

Opponents Siemens worried over \$, economy

Opposition parties in the Philippines have conceded defeat in Monday's plebiscite for a new constitution, confirming Mrs Corazon Aquino as president for six years.

Trends showed an overwhelming vote of confidence in Mrs Aquino soon after counting began. The trend continued yesterday with 87 per cent of the 45 per cent of votes counted so far in favour of the new charter.

Observers believe the vote will boost the 11-month-old government, which came under attack from both left and right before the vote.

US conducts N-test

The US conducted its first nuclear test of 1987. The official Soviet newsgency Tass said the 20-kiloton test was a challenge to world opinion but did not indicate how the Kremlin would respond. Page 2

Marines deployed

The US Government ordered a second Marine amphibious force out of port in Spain, bringing to about 3,000 the number of US Marines now at sea in the Mediterranean, defence officials said.

Soviet arrest

Yury Churbanov, son-in-law of former Soviet leader Leonid Brezhnev, has been arrested and is under investigation on charges of corruption, a Soviet official said.

French strike call

French teachers' unions called for a nationwide strike to protest against new laws which reinforce the powers of heads of primary schools. Page 2

Chinese chief moved

Zhu Houze, Chinese Communist Party propaganda chief, was "moved to another post" ending three weeks of speculation after the sudden removal of party chief Hu Yaobang.

Heysel riot charge

A police officer who directed security operations at Brussels' Heysel stadium on the night of the 1985 European Cup final soccer riots in which 39 people died became the third Belgian official to be charged with involuntary homicide.

Libyan death toll

Chad said that 1,167 Libyan soldiers had been killed since its troops launched an offensive a month ago aimed at recapturing the northern part of the country.

Policemen held

Three black South African special police constables were detained after shooting dead four people and wounding four others in an Eastern Cape township, police said.

Peace envoy killing

The Soviet Union denounced the killing of an official carrying out Afghanistan's national reconciliation programme as an attempt to derail the Kabul Government's efforts to restore peace.

Getting into line

The European Commission launched plans to standardise mobile telephones in its 12 member states by 1991. Page 2

Anti-Aids plan

The European Community announced plans to set up a joint anti-Aids campaign with African countries hit by the disease.

Wages of sin

Down-and-out alcoholics Thomas O'Donnell stole a £250,000 bust from St Margaret's Church in the City of London and sold it for £250 to buy drink. It was the third time he had stolen from London churches. He was jailed for four years. Page 17

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Thatcher denies involvement in raid on BBC

BY PETER RIDDELL AND JOHN HUNT IN LONDON

THE British Government yesterday clashed angrily with the opposition during an emergency House of Commons debate on the Zircon spy satellite affair. Ministers noisily defended the police's use of a wide-ranging search warrant in its unprecedented weekend raid on the British Broadcasting Corporation's Scottish headquarters.

Mrs Margaret Thatcher, the Prime Minister, denied she had ordered the seizure of sensitive material from the BBC, saying it was a matter of law and the courts.

"This was clearly a criminal case under the Official Secrets Act," Mrs Thatcher said of the seizure of material for a six-part television series

on intelligence and other secret activity in Britain. "The day the Government could direct the police, on that day the rule of law would die, and freedom with it."

The Government won the debate 351-200 and ministers appeared confident the result would vindicate official actions. There were rumours at Westminster last night among Conservative MPs that it was not possible to disentangle one kind of material from another.

However, the police would return material not relating to possible breaches of the Official Secrets Act.

According to Mr Neil Kinnock, leader of the Labour Party, the po-

mits' Government was attacked in Parliament over the BBC raid. Mr Gerald Kaufman, Labour home affairs spokesman, said: "From the beginning this

whole train of events has borne the personal hallmark of the Prime Minister - bungling inefficiency coupled with arrogant authoritarianism." Page 6

programme but also to the five other programmes in the Secret Society series. He said the material for the series was so interwoven that it was not possible to disentangle one kind of material from another.

However, the police would return material not relating to possible breaches of the Official Secrets Act.

All this sound and fury was in marked contrast with the way the

courtesy and soft-spoken Attorney General, Sir Michael Havers, the Government's chief law officer, had conducted himself.

Labour's Kevin McNamara described how the Attorney General had hunched at the Garrick Club, a bastion of the British establishment, with none other than Duncan Campbell, the investigative journal

ist who wrote the script of the television programme on the spy satellite and published an account of it in the left-wing New Statesman magazine.

Mr Robin Cook, Labour's trade spokesman, who has taken a leading role in attacks on the Govern-

ment over this affair, later quoted an excerpt from the Attorney General's letter in which he told Campbell: "Looking forward to seeing you on Thursday, Yours ever, Michael." Quoting learned passages from Erskine May, the venerable guide to British parliamentary procedure, he demanded that the correspondence should be published in full.

Mr Gerald Kaufman, opposition spokesman on Home Affairs, was unleashed in the emergency debate. Performing a bloodthirsty hatchet job on the Government, he saw the hallmark of the Prime Minister on the whole affair - "bungling inefficiency coupled with arrogant authoritarianism."

London bids to become leading international share trading centre

BY ALEXANDER NICOLL IN LONDON

THE Stock Exchange in London will shortly unveil ambitious plans to become the world's leading centre for the fast-growing market in internationally traded shares.

It aims to develop a new trading system on which as many as 200 market making firms all over the world will eventually be able to display prices for perhaps 1,500 non-UK equities.

London is already an important participant in the cross-border market in shares. Its turnover in continental European shares has increased dramatically amid the new competitive environment which has prevailed since the Big Bang deregulation of financial markets which took place October 27-100 days ago.

The aim, however, is to draw even greater business to London by providing an efficient trading system and a liquid market. International equity trading is currently dogged by inefficient processing of trades, and its liquidity in individual stocks is not reliable.

The plans will attempt to bring a degree of order to what is now essentially an unregulated market in which trades take place on the telephone without any centralised reporting of what has been dealt.

The new system will be designed to meet requirements for trade reporting which will apply in

London when Britain's Financial Services Act takes full effect.

The plans underlying the new influence wielded by foreign securities houses within the London exchange, which was renamed the International Stock Exchange on its merger late last year with Iiso, a grouping of firms active in international markets.

Representatives of foreign houses have since occupied senior positions within the exchange. They are keen to develop a liquid market in non-UK shares as part of their own drive to expand their international operations, which have hitherto concentrated on bonds and loans, into the equity markets.

Reflecting this thrust, the Stock Exchange council - which now includes domestic and international representatives on an equal footing - has given a broad brief to a Foreign Equity Market Committee, headed by Mr Alan Nash, of the London arm of PaineWebber, the US broking firm.

Charged with establishing London as the world's foremost market for international equities and equity-related instruments, the committee will replace Seag International on June, quoting firm prices on 200 stocks by mid-year and 250 by the end of 1987.

The most controversial aspect of the system will be the ability of market makers outside London to contribute prices. This is likely to be unpopular with continental stock exchanges which already resent

Continued on Page 16

Buy start for Third Market, Page 8; Quiet revolution, Page 14

Key US indicators increase sharply

BY LIONEL BARBER IN WASHINGTON

THE leading US economic indicators - a key pointer to the strength of the economy - rose sharply in December, showing a 2.1 per cent rise, the largest monthly increase for four years, according to Commerce Department figures released yesterday.

Mr Malcolm Baldrige, the Commerce Secretary, welcomed the December gain which he said, "should ease some of the slowdown in economic growth". Mr Baldrige added that increase in the index over the last six months showed that "the economy is on track towards this year's goal of 3.2 per cent growth."

The December rise in the leading indicators is the fourth consecutive monthly gain and follows a good 0.9 per cent increase in November, although this was revised down yesterday from an original report of a 1.2 per cent rise.

On Monday, Mr Paul Volcker, the Federal Reserve Board chairman, told Congress that the US should be prepared to accept slow growth and a temporary rise in the unemployment rate as part of efforts to cut the federal budget deficit. This will be seen as a vote of confidence in the exchange's technological staff who have been severely criticised since the troubles which hampered Big Bang.

The most controversial aspect of the system will be the ability of market makers outside London to contribute prices. This is likely to be unpopular with continental stock exchanges which already resent

Continued on Page 16

Buy start for Third Market, Page 8; Quiet revolution, Page 14

White House hit by another resignation

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

MR PATRICK BUCHANAN, the pugnacious, arch-conservative White House communications director, yesterday became the latest in a succession of White House officials to resign in recent months. Further departures of other key personnel are widely expected.

There has been speculation for several months that Mr Richard Perle, Assistant Defence Secretary, was considering quitting to write a novel, but the Pentagon yesterday officially denied that he had told Mr Robert Weinberger, the Defence Secretary, that he intended to resign.

Mr Perle is an influential critic of past US-Soviet arms control agreements whose views have contributed to the impasse on arms control issues between the two countries.

The White House on Monday distanced the Administration from critics Mr Perle had levelled at the country's European allies. The White House said "he was speaking for himself ... not for the President" when he had called European leaders "mealy-mouthed" because of their reluctance to speak out, for example, alleged Soviet violations of arms control agreements.

With only two years remaining before President Reagan's term of office ends, resignations by officials seeking to capitalise on their experience in the Administration are to be expected. But the sense of drift which has gripped the White House in recent months, in part as a result of the Iran arms deal scandal, may well be a factor encouraging officials to start looking for other opportunities earlier than might otherwise have been the case.

The Reagan Administration has forecast that gross national product

Continued on Page 16

Buy start for Third Market, Page 8; Quiet revolution, Page 14

London bank lent to buyers of its shares

BY CLIVE WOLMAN IN LONDON

STANDARD CHARTERED, the London-based bank, made large loans, of over £100m (£152m each), to four of its key supporters who bought its shares when it was trying to defend a takeover bid from Lloyds Bank last summer, it emerged yesterday.

Lending to one particular supporter, Tan Sri Kho, the Malaysian financier, through his National Bank of Brunei, was increased substantially as part of an orchestrated share support operation designed to ward off the bid. Standard Chartered's shares fell 17p yesterday to 75p on fears that it could be subjected to a Government investigation.

It also emerged yesterday that the bank's directors were given a warning during the £150m bid by its chief financial officer, Mr Stuart Tarrant, that some of the lending could be in breach of the Companies Act. Mr Tarrant's advice was not acted upon and he resigned his position, shortly afterwards. The Companies Act prohibits a company from giving financial assistance for the purchase of its own shares except in limited circumstances, a provision whose breach during another takeover battle last year, for Distillers, has been at the centre of the Guinness affair.

EUROPEAN NEWS

France faces another clash over education

BY DAVID HOUSEGO IN PARIS

FRANCE SEEMED headed for another educational conflict yesterday with teachers' unions calling for nationwide demonstrations today in protest at legislation reinforcing the powers of headteachers in primary schools.

Opposition to the measure hardened yesterday after the Government made clear that it would not back down by publishing the text of the decree in the "Official Journal." This gives it the effect of law. Teachers have been demanding the withdrawal of text-as students did over university legislation last December—and backing up their action with

symbolic stoppages in schools.

The worsening of the conflict coincided with a further breakdown in negotiations over this year's pay award for public employees. The unions are insisting on a safeguard clause allowing increases beyond the basic flat increase of 1.7 per cent if inflation climbs higher.

The unions' fears of a loss of purchasing power have been strengthened by official indication that prices this month alone could rise by 0.5-0.6 per cent as a result of the public sector strikes and the cold weather. The Government hopes that, after difficult early months, disinflation will resume

in the latter part of the year.

In standing firm against the teachers, the administration appears to have taken a calculated risk that public opinion will prove hostile to further disruption in the schools. The largely pro-Socialist unions partly share this fear and seem likely to come under pressure from the Socialist party itself not to take their action too far.

The new legislation gives head-teachers substantially increased responsibilities in running schools. They would have to undertake additional training but also would be paid more. At the moment, a principal in one of France's 50,000 primary

schools is like any other teacher but with some additional tasks.

The primary school teachers fear that the law could turn head-teachers into "petty tyrants"—though Mr René Monory, the Education Minister, assured them yesterday that there was still no question of the principal assessing the quality of their teaching.

The teachers also believe that the measure diminishes their power to strike—though the text has been modified on this point.

Adding further to the strains between teachers and the Government is the union's belief

that Mr Monory has been trying subtly to undermine their power. The political right has long made clear that it believes the mainly Socialist teachers unions have too much control over what goes on in schools.

The larger of the parent-teacher associations yesterday supported the teachers by saying that the Government was repeating the mistake it has

made during the students' strike

of trying to impose its will without full consultation. The smaller association backs the Government, believing that primary school head-teachers need more authority to run their schools efficiently.

Moscow condemns latest N-test

BY OUR FOREIGN STAFF

THE SOVIET UNION reacted sharply to yesterday's US nuclear test explosion, condemning it as a challenge to world opinion, but did not indicate how it would act in response.

The US test, carried out at an underground site in Nevada, came as US and Soviet negotiators resumed arms control talks in Geneva.

Moscow warned last December that it would end its unilateral ban on nuclear testing after the first US test explosion this year.

Yesterday, ahead of the US test blast, Mr Yuli Vorontsov, the Soviet First Deputy Foreign Minister, reiterated Moscow's position. "The button that triggers our nuclear test ranges is on the desk in the White House," he told journalists in Geneva shortly before the resumption of the arms control negotiations.

He said that US and Soviet negotiators had started to draft rough guidelines of a nuclear disarmament treaty. "For the first time we are working with paper and pencil on drafts."

Drafting covered all three categories under negotiation—strategic missiles, intermediate nuclear forces and space weapons—Mr Vorontsov said. In addition, a revision of the 1972 Anti-Ballistic Missile (ABM) treaty was being worked on.

In the meantime, the world was digging into a managed and cartelised trading system, for which the US-Japanese semiconductor agreement was the model. The US trade adjustment will be marked by the closure of industries in Japan and West Germany and the birth of the new ones in the US, said Prof Thurow.

Later that day, a senior Japanese official was calmly predicting that over the next 10 years his country's auto industry would follow steel, shipbuilding and textiles into restructuring and a much reduced share of world markets. However, he was much more hesitant about the possibility of switching Japan out of an export-led economy to one driven by internal demand.

Prof Thurow acknowledged that his were at best informed guesses and that there was much the economists do not know about the timing and impact of ironing out the trade imbalances. He had no doubt, however, that they will be ironed out.

The potentially hazardous political consequences of the process are the least predictable. The Australian Prime Minister curdled some blood with his warning of a Western alliance drained of all vitality if trade frictions worsen and multiply. It would be a high price to pay for inadequate political leadership.

"People are beginning to ask questions as to whether they should go on funding the Federal deficit. Confidence in the US economy is not cracking yet but the Japanese are asking questions and the Germans and the French will follow," Mr Latoff told a luncheon gathering of journalists.

Professor Lester C. Thurow, Professor of Management and Economics at MIT, did much to set the anxious and occasionally despondent mood of the week-long forum. His slightly angelic countenance belies one of the sharpest intelligences currently dissecting US economic policy and he is Professor Rudiger's tip to be the chairman of the President's Council of Economic Advisors if the Democrats take the White House in 1988.

If the exchange rate has to take all the strain in correcting the US trade deficit, Prof Thurow predicted that the dollar would have to fall below Yen 100 and DM 1.1. The result would be massive industrial restructuring and the transfer of US manufacturing jobs—one third from Japan, one third from Europe and Canada and one third from the rest of the world.

However, a certain lack of conviction crept into his remarks when he added "and if we come anywhere close to the

John Wyles reports on the anxious mood at an international gathering

Davos forum looks to US for lead

"WE ALL need about five minutes to agree on the problem, but the solutions are taking a hell of a lot longer," said one Reagan Administration official contemplating the present international woes of currency instability, trade fractions and Third World debt.

Unfortunately, the crystal clear light which illuminates Davos at this time of the year profiled only the murkiest outlines of solutions, despite the best efforts of politicians, public officials and business at the annual World Economic Forum which closes today.

For many of them, the missing ingredient seems to be US leadership. Among the Europeans, the invitation is palpable at the Reagan Administration's refusal to take a firmer grip on the US Federal deficit, source of many global economic problems.

"We shall examine the possibility of doing something to help the hostages," Mr Andreotti reportedly said afterwards. He added that after his talks with Mr Shultz he did not have the impression that the US was seeking "a military solution" to the hostage problem.

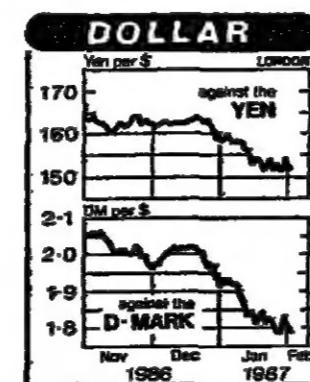
This has become a growing anxiety in Italy where a US naval build-up in the eastern Mediterranean and also in the Gulf are being watched closely.

Earlier, Mr Andreotti had a brief encounter with President Reagan at which it was firmly agreed that he would make an official visit to Italy on June 4—four days before the summit opens.

Mr Andreotti said that in both discussions he had pointed to the dangers to Atlantic relationships posed by trade and economic policy disagreements.

The weakness of the dollar was not raised, but it is thought likely to be discussed today at a meeting of Treasury officials from the seven summit nations.

Italian and Canadian representatives will press their case for allowing their ministers to attend any session of the Group of Five finance ministers to discuss moves to stabilise the currency markets.



"a simple and surprisingly painless way of correcting the lack of sense" in US fiscal policies. At the moment, he says, the US is seen by its partners more nearly like a drunk elephant rather than a leader with a clear sense of direction.

But Mr James Miller, head of the US Office of Management and Budget, was the very soul of orthodoxy. The Gramm-Rudman-Hollings law, which aims to achieve a balanced budget by 1990, was having the desired effects, he said. Last year's \$223bn deficit would drop to less than \$175bn this year.

However, a certain lack of conviction crept into his remarks when he added "and if we come anywhere close to the

\$108bn target for 1988, in just two years we will have cut in half the highest deficit in history."

Mr Franz J. Lutolf's judgment that "there are not enough reasons to halt the fall of the dollar or to turn it around," seemed to be generally shared by businessmen and politicians alike. But the general manager of the Swiss Bank Corporation also had some really worrying news for Mr Shultz.

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"People are beginning to ask

Government steps into Palme murder hunt

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

THE SWEDISH Government has yesterday intervened directly to seek to break the embarrassing standstill in the investigation of the assassination of Mr Olaf Palme, the former Prime Minister.

The murder has ground to a halt, as the investigation has disintegrated into open conflict between the leadership of the Stockholm police force and the Public Prosecutor's office over which lines of inquiry they wish to follow.

The police, led by Mr Hans Holmer, the Stockholm Police Commissioner who effectively ran the Swedish police hierarchy, have stubbornly sought to link the murder to a group connected with the PPK, a Kurdish terrorist group active in Sweden.

Two weeks ago the police staged a dramatic swoop on the Kurdish community and other groups and detained about 20 suspects. But all were later released for lack of grounds to press charges.

The Public Prosecutor's office, led by Mr Claes Zeime, the chief prosecutor in Stockholm, believes this line of inquiry has been exhausted, and has called instead for police resources to

be devoted to following up other leads.

Under Swedish practice it is ultimately in charge of the investigation.

Yesterday, however, it

appeared that the police had won the Government's backing to continue the pursuit of the PPK when Mr Carlsson declared: "We take it that all leads held to be realistic and reasonable by those involved in the inquiry will be pursued."

Mr Holmer has staked his personal prestige on the PPK theory, and has refused to give way, despite the "chaotic" developments of recent weeks. The actual investigation of the murder has stalled, as the police leadership and the Public Prosecutor's office have engaged in several days of fruitless negotiations over its future direction.

The Prosecutor's Office has sought to scale down the murder

hunt—it currently involves close to 150 police officers—by removing direct control from Mr Holmer, whose place would be taken by experienced murder squad detectives.

The Stockholm Police Commissioner assumed personal control of the investigation immediately after the assassination last February 28, and has firmly refused all calls for a more conventional organisation led by the Stockholm murder squad.

Mr Leif Hallberg, the police spokesman, said on Monday that the deadlock between the police and the public prosecutors had created an "unreal" situation. "It is like an evil dream, you wonder if it is reality... what we cannot understand is why the police cannot continue to pursue the line we have worked on for so long, and where we think there are grounds for suspicion."

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Swedish unions waive right to wage talks

BY OUR NORDIC CORRESPONDENT IN STOCKHOLM

SWEDISH trade unions in the private sector yesterday waived their right to renegotiate the current two-year national wage deals for 1986-87, providing a significant boost for the country's minority Social Democratic Government in its attempts to contain rising inflation.

Last Friday, the Government announced a general price freeze until further notice in a last-ditch effort to persuade the unions to hold to the existing

increases for 1987. Union leaders said yesterday that the Government's action on Friday had dissuaded them from demanding a renegotiation.

It is still unclear how the unions in the public sector will act.

LO and PTK, the union confederations for the blue collar and white collar workers in the private sector, said yesterday that it was now essential that the price freeze should be "pro-

longed, effective and very restrictive."

Their decision was greeted with relief in Swedish financial markets. Helped by positive figures on a currency inflow to Sweden in recent days, interest rates moderated yesterday—although the central bank intervened to break the fall—while share prices rose sharply on the Stockholm stock market with an increase of 2.4 per cent in the index.

Spain awaits US reply on bases

BY DAVID WHITE IN MADRID

SPANISH OFFICIALS were yesterday awaiting a formal US counter-proposal to their demands for reductions in US forces in Spain, in the hope of breaking a seven-month-old deadlock.

The fourth round of talks to decide the future of jointly-used Spanish bases adjourned for separate consultations in preparation for further discussions today.

The Socialist Government, which promised a reduced US presence in order to gain voters' support for remaining in NATO, has threatened

to denounce its bilateral agreement with the US unless a deal is reached by November. The agreement comes up for renewal in May next year.

The Spanish demand centres on the removal of a US tactical fighter wing from the Torrejon base outside Madrid which has been a prime target of anti-American protests.

The US has opposed substantial changes and has insisted that Spanish forces must be able to fulfil any tasks relinquished by its own

Greek money supply target set

BY ANDRIANA HERODIACONOU IN ATHENS

THE GREEK Economy Ministry

has set targets of a 15.4 per cent increase in M3, the broad monetary aggregate, and 13.2 per cent overall domestic credit expansion in the public and private sector this year.

The ministry says the targets are compatible with the Government's economic stabilisation programme, which is seeking to reduce inflation to 10 per cent this year from 16.9 per cent in 1986, and to trim the net public sector borrowing requirement on a cash basis by 1.6 percentage points to about 10 per cent of gross domestic product.

A key feature of the 1987 monetary and credit programme is a plan to meet part of the financing needs of Greece's wayward public sector through the sale of bonds and marketable Treasury bills. Thus, although overall credit expansion to the public sector has been targeted at 13.6 per cent or \$793bn (\$3.9bn), only 10.1 per cent will derive from the commercial banking system. The \$160bn shortfall is to be raised in the non-bank capital markets.

Credit expansion to the private sector has been set at 11

per cent. Total commercial bank credits to the public and private sector are thus expected to increase by 11.2 per cent this year.

Last year, credit expansion to the public sector reached 20.5 per cent, against a target of 17 per cent.

The authorities have set a foreign borrowing target of \$1.7 billion for 1987. This assumes a current account deficit of \$1.25bn, autonomous capital inflows of \$1.15bn and a foreign debt amortization burden of \$1.5bn.

Productivity growth is expected to be 3.5 per cent this year, compared with 2.5 per cent in 1986.

Brussels plan to end mobile telephone chaos

BY WILLIAM DAWKINS IN BRUSSELS

THE EUROPEAN Commission announced yesterday that it is to ask EEC governments to reserve specific radio frequencies for the new generation of mobile telephones using three incompatible systems throughout the EEC.

The confusion created by widely varying prices and frequencies that are incompatible between EEC countries could be ended by 1991 if the 12 Community governments accept the Commission's proposed directive.

It suggests that the next generation of digital mobile telephones should share the same 900 megahertz band when they replace the radio cellular telephones within the next decade.

This is the latest in a series of moves by the Commission to define EEC-wide standards for new technology products and follows a special plea for a Community mobile telephone system by Mrs Margaret Thatcher, the British Prime Minister, at last December's European summit.

The new frequencies should be available after 1991 and digital mobile telephones should be the norm for the EEC's main cities by 1993, followed by the main inter-city links two years later, according to yesterday's proposal

Defeat conceded by opposition in Philippines

BY RICHARD GOURLAY IN MANILA

OPPOSITION parties that campaigned against the ratification of a new constitution in Monday's referendum yesterday conceded defeat as an overwhelming "yes" vote emerged.

An 87 per cent "yes" vote was confirmed yesterday after nearly 45 per cent of the votes had been counted.

The overwhelming approval is also a vote of confidence in Mrs Aquino, because it confirms her six-year term as president. It will also boost the morale of the members of her 11-month government which came under attack from both left and right in the run-up to the referendum.

"It is incontrovertible proof that this Government has the overwhelming support of the people which we could only presume before the referendum, but now we can sight as a fact," Mr Jaime Ongpin, the Finance Minister said.

Mrs Aquino took power after flawed elections last February led to a military revolt and civilian uprising in Manila and has ruled since then by fiat under a temporary constitution.

Syria sends troops back into West Beirut

By Our Middle East Staff

The new chapter will return the country to constitutional democracy following congressional elections in May, and comes after 15 years in which former President Ferdinand Marcos ruled either under martial law or by presidential decree.

A spokesman for Mr Juan Ponce Enrile, former Defence Minister, who led the campaign to rejet the charter said the vote was "good for the country" and that he would be reassessing his options.

Meanwhile, debt renegotiation talks with commercial bank creditors, stalled since November, are to resume in New York on February 23, Mr Ongpin said.

Citibank, the country's biggest commercial creditor with \$1.5bn of debt brought the talks to a standstill in November when it refused to discuss Manila's demands on interest rate spreads.

A Central Bank study, revealed yesterday, showed that the government had "no legal basis" to revoke Citibank's licence.

Miners quit in S Africa

BY JIM JONES IN JOHANNESBURG

A FURTHER 2,300 Xhosa miners have left the riot-hit President Steyn gold mine in Orange Free State. This followed 2,000 resignations last week and further tribal fighting at the weekend which lifted the death toll at the mine since mid-December to 39.

The mine's management reports that 177 men have been injured in the fighting between Xhosa mineworkers from Transkei and Basothos from Lesotho.

President Steyn, which forms part of Anglo American's Free-

gold complex, normally employs about 21,000 black miners and two of its four shafts have been affected by the resignations. The mine's 1986 production figures have not been separated from those of Freegold as a whole, but in 1985 President Steyn milled 3.76m tons of ore and produced 22.94 tons of gold.

The mine's managers say they do not know what led to the fighting. An independent investigation into December's fighting has been completed, but has still to be made public.

Queensland Premier threatens to split opposition coalition

BY CHRIS SHERWELL IN SYDNEY

DAMAGING RIOTS within Australia's conservative opposition coalition deepened yesterday following an outpouring series of attacks by Sir Joh Bjelke-Petersen, the maverick right-wing Premier of Queensland.

The attacks, reflecting 75-year-old Sir Joh's disillusion with his own National Party and its Liberal Party partners, are part of a determined bid to launch a nation-wide conservative movement based on lower taxes, smaller government and weaker unions.

The campaign has already led Mr John Howard, leader of the Liberal Party, to warn that resulting opposition squabbles will only benefit the Labor Government headed by Prime Minister Bob Hawke, which must call an election before April 1988.

It has also embarrassed Mr Ian Sinclair, leader of the National Party at the federal level. Like Mr Howard, he has had to tread a delicate line between acknowledging Sir Joh's policy points and defending the coalition's record.

Sir Joh's campaign reached a crescendo at the weekend, when he told a rally he would put up candidates to fight against coalition "wets" who didn't support his views. He then repeated his threat after Mr Howard's warning against internal squabbles.

The key plank in Sir Joh's platform is a flat-rate tax of around 25 per cent. He would also like to see more cuts on the power of the federal government in Canberra and on the clout of the unions.

Sir Joh is associated with radical movement in Australia dubbed "The New Right" which is keen to remove key members of the Liberals' "wet" faction. He is also believed to be behind plans to start a new party in other states, starting with the Northern Territory.

But of his own accord, Sir Joh has now said he would remain the Queensland premier and stand for election in a federal constituency. Analysts remain doubtful whether he could establish a national power base.

Either way, Mr Howard, who has never fully consolidated his

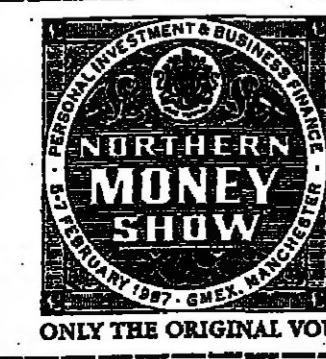
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OVERSEAS NEWS

Robert Thomson and Colina MacDougall assess the impact of the purge of liberals Peking turmoil trickles down to factory floor

FOR the masses, as the Government calls ordinary Chinese, it was New Year as usual, with the clapping of fireworks echoing around Peking and makeshift markets filled by elbowing and enthusiastic customers toasting for trinkets and haggling over the price of a fish for a grand family meal.

Life goes on for the masses regardless of the political turmoil that has brought a purge of "bourgeois liberals", a renaissance of conservative Communism, and changes in ideological and economic direction that have put the country's ambitious reform programme at a standstill.

Students demonstrated in the Muslim sector of the city in anger over the seizure of four lecturers from the Beirut University College.

Syrian troops were seen in the central shopping district for the first time since last July when several hundred commandos were deployed in an attempt to drive militiamen off the streets. A promise made by Mr Rashid Karami, the Lebanese Prime Minister, that units of the Lebanese Army and police would mount patrols did not materialise, however.

There have been 11 abductions of foreigners since Mr Terry Waite, the Archbishop of Canterbury's special envoy, arrived in Beirut just over three weeks ago on a mission to end the hostilities held by Islamic Jihad.

Yesterday he was reported to be still in West Beirut. An unnamed informant was quoted by Reuter's news agency as saying Mr Waite, who disappeared on January 21, was still in the Muslim sector of the city.

On Monday Mr Hassoun Musawi, the radical Shie leader, denied reports that the Anglican emissary had been taken to the Bekaa Valley.

Mr Waite has been nominated by a group of British MPs for the Nobel Peace prize.

• Iraq retaliated with air raids yesterday after Baghdad had been hit by eight Iranian ground-to-ground missiles so far this year. The aircraft struck the cities of Isfahan, Shiraz and Tabriz, according to an Iraqi military communiqué.

This is the voice of the hard left, the conservative Communists who have only partially reconciled to the influx of foreign ideas and reject any diminution of party power, even to give the economy a



Bo Yibo (left) and Wan Zhen have been appearing with Peng Zhen (second from right) who seems to be behind the crackdown. Former party leader, Hu Yaobang (right) is on retreat.

logical education." While the moving spirit behind the crackdown. Now chairman of the National People's Congress Standing Committee, a key post, he was mayor of Peking in the 1960s until sacked in the Cultural Revolution. He was dismissed as attended by 17 members of the CAC, almost balancing the 20-strong Politbureau (two were absent for unexplained reasons).

Another regularly in the public eye has been Chen Pixian, 71, now on the powerful party secretariat and with a distinguished guerrilla career before 1949. Hovering in the background has been Deng Liqun, also on the secretariat and mastermind of the 1984 campaign against "spiritual pollution."

These men may never be party chief or premier, but their power in corporate decisionmaking has been given authoritative witness by the sacking of Hu. A look down the list of key bodies in China shows, as far as outsiders can judge, fairly even split between conservative and reformist sympathies. Their political weight may be crucial.

Among younger men views are hard to identify since it is normal to echo the prevailing leadership line. Still, it is clear that Premier Zhao Ziyang, widely believed to be Deng's man, was also acceptable to conservatives as replacement for Hu as party chief.

Zhao, and the front runner to fill his shoes as premier if he leaves the post, Li Peng, probably represent a common

point of view among younger officials. They recognise that the letter of the Marxist-Leninist law is often not applicable in modern life and that foreign technology is essential. But they hold to the supremacy of the party and, in varying degrees, to a strong central grip on the economy, with stress on production and heavy industry.

But diplomats suspect that this ideology is already undermining the confidence of more ambitious reformers in the provinces. It is argued by some economic analysts that Chinese business people could be reluctant to buy foreign goods for fear of being labelled "bourgeois liberals."

What factory manager is going to challenge an aggressive party secretary now that the party is tightening its grip on the country and has warned that it is challenging its rule? What small-town reformer is going to stand up to a "bourgeois liberal" and "bourgeois liberal" and yet is unsure of the difference between a "bourgeois liberal" and a "reformer"?

Several important economic reforms are also in doubt. The price reform deal failed to make the price of goods better represent production costs. It was held for at least a year and the contract labour system intended to get rid of the "job for life" mentality is believed to be under attack by conservatives. Stock issues are also being criticised and China is not likely to see a bankruptcy once last year.

Confidence is the scarce Chinese commodity that has been most affected by the change in mood. A teacher friend is afraid that "it will be like the Cultural Revolution again." It will not be the same.

The problem is to guess how much ideology will win at the expense of reality, and ordinary Chinese find that the safest approach is not to guess at all.

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WORLD TRADE NEWS

US to announce easing of high-tech export curbs soon

By QUENTIN PEEL IN BRUSSELS

DETAILS of the proposed relaxation of US curbs on exports of sensitive technology will be announced "in the next few weeks," as part of the US Administration's package of measures to boost trade competitiveness, Mr Clayton Yeutter, US special trade representative, said yesterday.

Mr Yeutter was responding to reports that US suppliers could be prevented from bidding for components contracts in the \$10bn European fighter aircraft project, because of the restrictions on re-export of US technology.

Mr Yeutter, speaking in a satellite press conference with several European capitals, made his own doubts about the restrictions perfectly clear.

"A number of us feel that the US has been inordinately restrictive in that area in recent years," he said.

"I suspect we have tilted too much toward the control side in recent years. It is time that we reassess that and hopefully tilt a little the other way."

At the same time, he sought to calm European fears about a new trade conflict with the US over subsidies to the Airbus

project — but warned that restrictions on machine tool imports from Japan, West Germany, Switzerland and Taiwan were motivated entirely by defence, and not trade concerns.

Mr Yeutter insisted that the last US mission to Europe to complain about the Airbus subsidies had nothing to do with the simultaneous resolution of the last US-EEC conflict over animal feed grain sales to Spain.

"I don't think anyone in the US is screaming for blood on Airbus or any other trade issues," he said. The extent of subsidies involved in US defence spending on aircraft was "a legitimate subject for discussion and debate."

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Telecom consortium talks may have founded

By IAN RODGER

NEGOTIATIONS aimed at merging the two consortiums competing for Japan's second international telecommunications franchise have apparently broken down.

The talks, initiated by the Japanese Ministry of Posts and Telecommunications (MPT), have apparently founders over the role of Cable & Wireless, the British telecoms group, in a joint consortium.

C & W is a leading partner along with the C. Itoh trading group in the International Digital Communications (IDC) consortium. International Telecom Japan (ITJ), the rival group, has made clear it does not want C & W to be in a joint consortium.

C & W's presence has been controversial since last November when Mr Shunjiro Kuroki, the MPT minister, told Mr Paul Channon, UK Trade and Industry Secretary, that Japan should not be expected to permit foreign companies to enter its telecoms industry.

Both the US and the UK governments have reacted strongly to this remark, pointing out that the Japanese enabling legislation for new international telecoms services specifically provides for up to one third foreign ownership.

Mr Bruce Smart, US Assistant Secretary of Commerce, told Mr Karasawa last week that the US would be distressed if foreign participation in whatever consortium was given a licence was less than one third.

The MPT is expected to consider the applications of the two consortiums shortly.

Japan bid to head off new curb on excavators

By Ian Rodger in Tokyo

LEADING Japanese construction equipment makers are meeting their European competitors in Frankfurt tomorrow in a bid to head off further moves to block Japanese imports into Europe, and not trade concerns.

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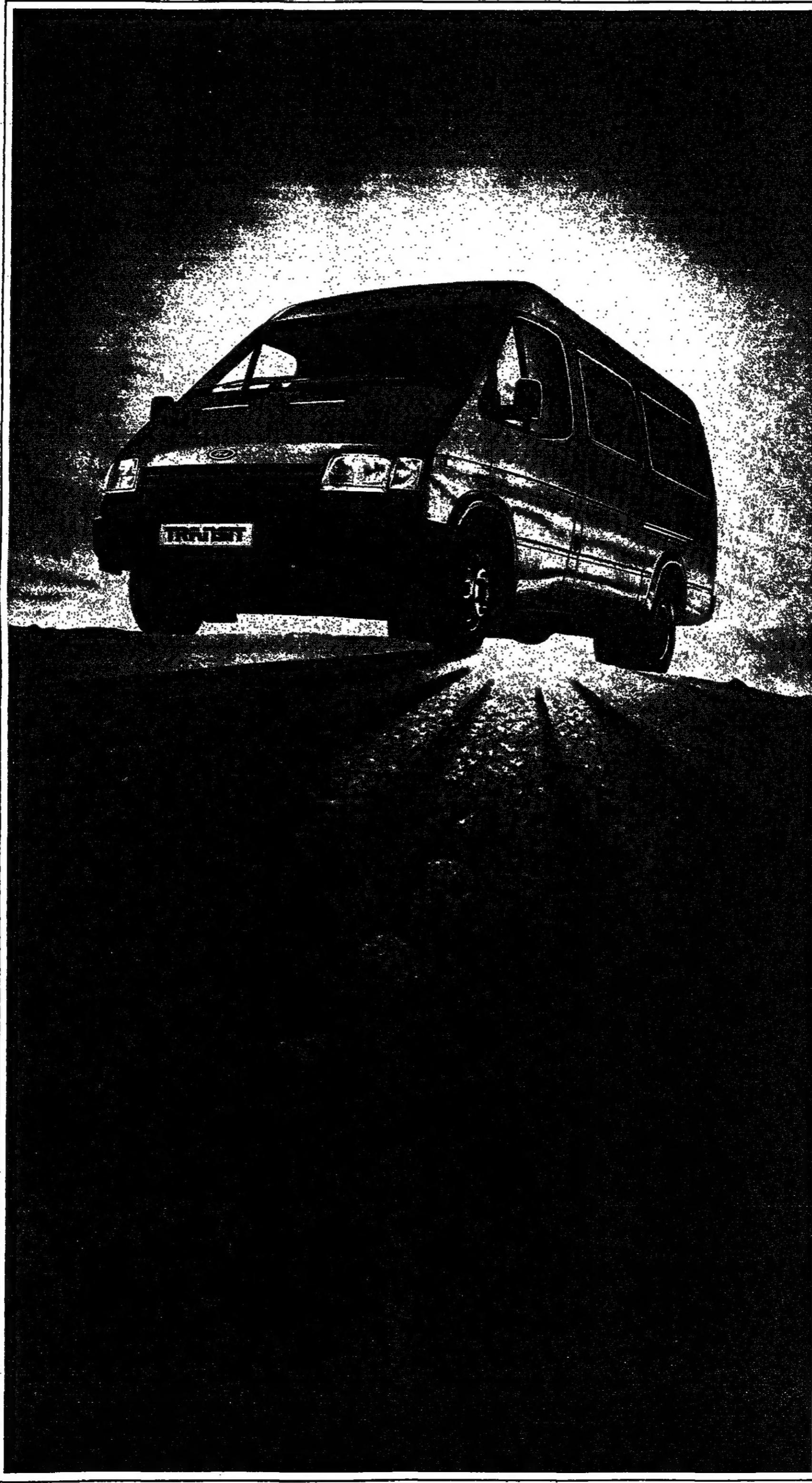
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UK NEWS

Controls to tighten on share stakes in banks

BY DAVID LASCELLES, BANKING CORRESPONDENT

THE BANK of England is to be given greater powers to control acquisitions of large stakes in UK banks.

The measures, announced yesterday by Mr Ian Stewart, Economic secretary to the Treasury, follow several cases where UK merchant banks have been stalked by unwellcome predators, and the Bank has been unable to intervene.

Mr Stewart told the House of Commons committee dealing with the new Banking Bill that the changes would be introduced as an amendment at the report stage. The Bill is expected to come into force later this year.

In future, anyone acquiring a stake of 5 per cent or more in a bank will have to notify the Bank of England, and supply it with any information it asks for. This will enable the Bank to establish the identity and intentions of the acquirer, even though it will not, at this stage, be able to stop the buyer enlarging the stake.

At the moment, the notification requirement is only triggered at 15 per cent, the level at which an investor is deemed to have "a controlling interest" in a bank.

The new Bill will already require purchasers of 15 per cent or more to obtain the Bank's prior approval.

But Mr Stewart said the amendment would give the Bank further powers to deal with controlling interests that have been built up before the new Act comes into force.

The Bank will have the power to freeze the voting rights on shareholdings which it does not approve, and ultimately order disinvestment.

Court rules training costs must be repaid

BY JIMMY BURNS

THE HIGH Court in London has ordered a former employee of Electronic Data Systems (EDS), the computer services subsidiary of General Motors, to repay £4,500 for leaving the company prematurely after completing a training course.

The ruling is thought to be without precedent in the private sector. The court rejected the former employee's case that he had been forced to sign an undertaking on training costs under duress.

Mr Philip Hubble, a 26-year-old information systems graduate, joined EDS in January 1985. He signed an agreement to pay back £4,500 if he left the company within two years of completing a systems development course. Mr Hubble left EDS in June last year for a higher paid job.

New finance chief named at BTR

By Martin Dickson

EDS justified its policy on training in the light of a shortage of skilled technical staff in Europe and a need to protect itself from having employees head hunted in a highly competitive industry.

The court upheld the company's view that the £4,500 was only a fraction of the cost of the training, and that the agreement with the employee was a legitimate compensation package.

The court took as its reference a case in 1984 when a Scottish local authority reclaimed from an employee part of the money it had spent on training.

The ruling, which is to be appealed against by the manufacturing union, Tass, on behalf of Mr Hubble, is likely to be widely interpreted as a test case of EDS' employment practices.

Mr Romeril is a former group financial controller of Imperial Chemical Industries and joined BTR in October 1985, taking responsibility for the finances of its North American operations.

He worked closely in North America with Mr John Cahill, who was head of BTR's operations there before being made the group's chief executive at the start of this year.

Telecom talks may clear way for peace

By Charles Leadbeater

BRITISH TELECOM (BT) senior executives will meet leaders of the National Communications Union (NCU) this morning for talks which could pave the way for a settlement to the 10-day old strike by 110,000 telephone engineers.

Union leaders hope that BT will outline a revised framework for detailed negotiations, which goes somewhat to meet the union's demand that the 1986 pay award should not be made conditional on the implementation of efficiency measures.

NCU officials believe that BT may accept that some of the efficiency measures should be phased in over two years rather than as a one-off.

BT may also be prepared to drop some elements of the changes to working practices, such as a 45-minute extension of the normal working day.

The company might also make separate payments for the specific efficiency measures thereby allowing a large proportion of the offer to be made "without strings."

Union leaders expect negotiations over the company's job repatterning proposals will be the most intractable. NCU leaders said the union's response would depend on whether the company presented the package in a way that could be recommended to the engineers.

Today's talks follow discussions between Mr John Golding, the NCU's general secretary and Mr Richard Worsey, BT's director of corporate personnel and services, which raised the possibility of a two-year deal. Detailed negotiations over the weekend, confined to the 1986 agreement made little progress.

Blockage on the line, Page 8

Angry Thatcher denies any link with police raid in BBC office

By NOR OWEN AND TOM LYNCH

TORY back-benchers rallied to the support of Mrs Margaret Thatcher, the Prime Minister, in the House of Commons last night when Mr Gerald Kaufman, Labour's spokesman on home affairs, sought to link her with the decision by the Special Branch to raid the Scottish headquarters of the BBC in Glasgow at the weekend.

To Labour cheers, he maintained that any breach of national security should have been probed months earlier when, either in October or possibly July of last year, the Government first became aware that Mr Duncan Campbell, the journalist, was making a television programme about the spy satellite Zircon.

Mrs Thatcher declared: "I am angry with Mr Neil Kinnock, the Labour leader, when she repeated the Government's denial of any involvement in the decision to raid the BBC's Scottish headquarters.

Mrs Thatcher attempted to turn the affair against Labour, by accusing the opposition of attacking the police for carrying out their duty to investigate crime.

The bad-tempered exchanges in a packed and very noisy house, dominated a turbulent question time during which Mr Kinnock rose four times to challenge the Prime Minister.

He tried to demonstrate that the Government had been active in the affair through Sir Michael Haven, the Attorney-General, and a Labour backbencher alleged that Sir Michael had twice met Mr Campbell.

Mrs Thatcher stood by the case argued on Monday by Mr Malcolm Rifkind, the Scottish Secretary. She told Mr Kinnock: "This is clearly a criminal case under the Official

Mrs Margaret Thatcher:
accused Kinnock

Secrets Act. In criminal cases it is for the police to decide whether to apply for a search warrant and for the courts to decide whether to grant an application. The Government does not give orders to the police.

Mr Kaufman declared: "I am angry with Mr Neil Kinnock, the Labour leader, when she repeated the film about the spy satellite Zircon.

She reminded Mr Kinnock that he had agreed with her that the film about the spy satellite was a threat to national security. "I would have thought you would also have agreed that the police were right to investigate how the information was leaked."

"You and your party are now once again attacking the police."

This remark clearly infuriated Mr Kinnock, whose voice was submerged in a wild Tory cheer when he retorted: "You have good cause to know that I will do everything to safeguard national security."

The Prime Minister snapped back: "You will do everything except support the police in carrying out their independent duties. The day governments do direct the police will be the day the rule of law ends."

Mrs Thatcher said Mr Kinnock was "deliberately trying to muddle the question of the injunctions obtained against the publication of the information and the criminal investigation into who had leaked the information to Mr Campbell."

"Decisions to proceed under the criminal law, are for the Attorney-

Mr Gerald Kaufman:
bungling inefficiency

General in his prosecuting capacity - not for the Government in any way."

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Opinion poll puts Labour in lead

THE CONSERVATIVE PARTY'S clear lead in the opinion polls seems to have disappeared with a Harris Research survey for TV-am putting Labour slightly ahead, Peter Riddell writes.

Labour is standing at 39 per cent, according to Harris, compared with 37 per cent for the Conservatives and 22 per cent for the Social Democratic Party/Liberal Alliance. The polling was done on Friday and Sunday among more than a thousand voters.

Last month there was a 5 per cent Tory lead, although paradoxically there has been a fractional increase to 32 per cent in the proportion of the sample expecting the Conservative to win the next election.

Party strategists admit that the picture is confusing. Polls during January, even undertaken by the same organisation, show sharp fluctuations in the level of support for parties. The Market Research Society is holding further discussions today to decide whether to undertake a special inquiry into polling methods.

Nevertheless, after excluding the sharp variations, there appears to have been a change in trend in the past two or three weeks. Each of the three most recent surveys have put the two main parties broadly neck and neck. This compares with an average Tory lead of 3 to 4 percentage points at the beginning of January.

COMPANY directors work in a legal minefield that few of them understand, according to a guide to the rights and duties of directors.

"The majority of directors are unaware of the risks and their responsibilities under corporate law," said Mr Desmond Wright, senior manager at Touche Ross, the accountancy firm and secretary of the Accounting Standards Committee, who wrote the guide.

A director's job specification was defined in numerous statutes but nowhere were the duties of a director clearly set out. "The danger is, therefore, that a director is not going to discover what his duty is until he has failed to do it."

AUSTIN Rover's foundry and forge at Longbridge, Birmingham, is to close over the next few months and work will be transferred to another plant. No redundancies are envisaged.

MANCHESTER Airport remained closed to all passenger flights because of a strike by fire-fighters which began last Wednesday. Strikers have rejected both a mediator and an independent inquiry on the dispute over payment for a computerised fire prevention system. The airport has lost income of more than £600,000.

CATERPILLAR, the US earth-moving equipment manufacturer, confirmed its decision to close its Uddington plant near Glasgow, which has been occupied by workers since the closure announcement more than two weeks ago.

In a telex to Mr Malcolm Rifkind, Scottish Secretary, Caterpillar justified its decision on the grounds of over-capacity in its worldwide operations. It said it would try to delay the closure as long as possible to give the 1,200 workers time for re-training and re-adjustment.

BRITAIN's gold and foreign currency reserves rose by an underlying £72m in January after increasing by \$96m in December, according to Treasury figures. Although sterling fell to new lows against the D-Mark in January, it also rose by about 5 per cent against the dollar.

There was an actual rise in the reserves of £26m at the end of last month compared with £21.92bn at the end of December.

The Treasury said there had been a valuation change resulting in a fall of \$41m arising from the quarterly rollover from the European Monetary Cooperation Fund Swap. The decrease reflected the decline in the dollar's value against the European currency unit, Ecu.

TOOTAL, the textiles group, is to have a new chairman. He will be Mr John Craven, at present deputy chairman, who will take over from Mr Alan Wagstaff. Mr Wagstaff recently completed a restructuring of the company.

Mr David Parry, who assumed the chairmanship of the London Stock Exchange's traded options committee last August, is to step down and be replaced by Mr Geoffrey Chamberlain.

Mr Parry of stockbrokers Panmure Gordon, took over the post from Mr David Steen, the founding father of what is now one of the exchange's fastest growing sectors.

Although Mr Parry was an experienced member of the committee, he did not profess to be an options practitioner.

The appointment of Mr Chamberlain, of the brokers L. Messel, part of Shearson Lehman Brothers International, underlines the trend throughout the stock exchange for greater involvement by practitioners in the running of the stock exchange's markets.

It could give a boost to the exchange's long-negotiated plans for a currency options trading link with the Philadelphia Stock Exchange.

Mr Chamberlain will oversee plans for the equity options market to expand at an even more rapid pace than in recent months, when it has been substantially boosted by the arrival of British Gas and Trustee Savings Bank shares.

The Stock Exchange has dropped a recommendation that prices on its automated quotation system, Seqq, for "alpha" stocks -

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H A N S O N T R U S T

A company from over here that's also doing rather well over there.

UK NEWS

Lotus and Isuzu sign a 10-year co-operation deal

BY JOHN GRIFFITHS

GROUP LOTUS the UK car maker, has signed a 10-year collaboration agreement with Isuzu, the Japanese truck and car maker, in which General Motors - Lotus's owner since early 1986 - has a 34 per cent equity stake.

Under the agreement, no financial details of which are being disclosed, Lotus will gain access to components from Isuzu.

In return, Lotus will provide engineering consultancy services starting with suspension developments on the Isuzu Piazza, a coupe already on sale in North America and Europe.

Mr Michael Kimberley, Lotus's chief executive, described the deal as enabling Lotus "to obtain high-quality, cost-effective components and assemblies from Isuzu and its suppliers and is part of Lotus's long-term plan."

However, Lotus refused to confirm whether this meant Isuzu mechanical components would be used in the M100, a "cheap" - about £12,000 - sports car Lotus is planning to launch in 1989/90 and which

is intended to increase Lotus's car output from 730 in 1985 to around 5,250 in 1992.

The car originally had been intended to use components from Toyota, Japan's largest car maker, until GM's takeover last spring had held a share of just under 30 per cent in Lotus.

At the time of the takeover, there had been speculation that GM components would be used instead in the M100, originally code-named M90 and which is being completely redesigned. It had been intended for launch last year.

Ford's explanation for the Sierra's failure to meet the original targets is that the medium part of the market in which it competes has shrunk considerably since the car was launched - by two points to 21 per cent.

Also, the shift to hatchback cars, a feature of the late 1970s, did not continue in the 1980s.

The company has virtually been fighting with one hand behind its back in markets such as West Germany, where more than half the medium cars sold are "notchbacks," or three-box models, and the UK, where four out of 10 customers choose that style.

Competitors such as the Passat/Santana, the Opel Ascona/Vauxhall Cavalier, the new Renault 21, and most of the Japanese rivals do not have this disadvantage.

The Sierra's aerodynamic styling also met a mixed reception. "We were taking the leadership in styling and that means risk," says Mr F. "Jack" Brinkley, Ford of Europe's vice-president for marketing.

He insists, however: "The Sierra

Kenneth Gooding looks at the restyling of Europe's best-selling medium-sized car

Ford puts boot into Sierra sales drive

FORD NEXT month launches throughout Western Europe heavily revised versions of its Sierra car range. It is adding considerably to its potential by introducing a model with a boot or trunk.

The Sierra is Western Europe's best-selling medium-sized car, but so far it has failed to live up to Ford's original expectations.

It was brought to market in October 1983 after a \$1bn (£680m) programme to replace the 20-year-old Taunus/Cortina. Ford hoped output at Dagenham in the UK and Genk in the Belgian factory controlled by Ford of Germany, would quickly rise to 450,000 a year.

But, after reaching 375,000 in 1983, sales fell back to 293,500 in 1985 and in that year the Sierra accounted for 2.8 per cent of the West European new car market compared with 3.7 per cent for the Tau

nus/Cortina in 1979.

Ford's car assembly plant at Cork in Ireland, equipped at a cost of \$13m to assemble Sierra kits, was a casualty of Ford's over-optimism and closed.

It's Piazza coupe was launched in the UK last year, through an independent importer, but the importer collapsed at the beginning of this year. The franchise has since been taken over by International Motors, which imports Japanese Suzuki and Korean Hyundai cars.



The Sapphire L version of the restyled Sierra

makes an important statement for Ford. It has helped lift Ford's image as a brand and lifted the image of the complete car range, our research shows this is so.

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mance in West Germany, the UK and France.

The UK is the Sierra's most important market; 115,000 were sold there last year out of a Europe-wide total estimated at 311,000. However, West Germany, with registrations of 79,000 in 1986, also contributes heavily to the sales volume.

Mr Brinkley is reluctant to make any forecasts about sales of the revised Sierra. "Our objective is to

hold the number-one spot in the medium segment of the European market," he says. Mr Derek Barron, chairman of Ford of Britain, however, expects Sierra sales to rise to about 165,000 a year with the help of the new notchback.

The arrival of the revised Sierra also coincides with exceptional buoyancy in West European car sales (Mr Brinkley says Ford predicts that they will stay above in this year after jumping from 10.4m in 1985) - and with an upward trend in Ford's profitability, a trend which should be encouraged by the new range.

Ford of Germany now expects its 1988 profit to be significantly higher than the DM 100m (£26.5m) forecast last summer - its first profit for three years - and the indications are that Ford of Britain in 1988 improved on its 1985 taxable profit of £160m.

In the circumstances, Ford of Europe's 1986 net profit should be well ahead of the \$326m for 1985 and seems destined to rise again this year.

The project, described by the report as a "costly failure" was expected to yield considerable staff savings. It was started in 1982, and finally abandoned in 1985.

The report said that £4.5m in development costs was wasted. About £12m in potential savings was also lost because about 300 job losses had to be deferred.

The report blamed the failure of the project on "weaknesses in project management, design and staffing" and said the Inland Revenue underestimated the number of staff needed to complete it successfully.

A general shortage of staff with information technology skills in Inland Revenue was also identified. Despite a recruitment drive, in April 1986 Inland Revenue had only 1,368 such staff in post against an estimated requirement of 1,812.

This shortfall had contributed to a growing use of consultants, who charged on average more than four times the cost of equivalent Inland Revenue staff, often on jobs such as programming, which did not require specialist skills.

The report says £2.5m a year could be saved by employing in-house staff to do this work.

However, the report also noted recent improvements in the Inland Revenue's strategic planning, project control and systems development arrangements.

It said that an Inland Revenue project to computerise tax assessment was on course to achieve its target rate of return, despite a 9 per cent increase in real costs since the project began.

Tax office 'misused computer system'

By David Thomas

MISMANAGEMENT by the Inland Revenue of an abortive computer system led to losses of £18.5m, according to a report by the Comptroller and Auditor General, the parliamentary watchdog on public spending.

Because of staff shortages, the Inland Revenue was also spending more than it needed to on outside consultants, the report found. The report, which is likely to be considered by the House of Commons Public Accounts Committee, looked at a project to integrate and computerise the collection of different taxes.

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Sponsors of human rights bill claim Lord Hailsham's support

By Peter Ridgell, Political Editor

SPONSORS of the bill to incorporate the European Convention on Human Rights into British law yesterday claimed the support of Lord Hailsham, the Lord Chancellor, the Government's chief legal officer.

This is despite government hostility to the measure, which has its second reading in the House of Commons on Friday.

In a pre-recorded BBC radio programme due to be broadcast this Sunday, Lord Hailsham notes that Britain has signed the European Convention and states his view that "judges at Edinburgh or Westminster or Belfast have a better feel for the way which those rights to which we are committed in international law ought to be applied in the English, Scottish or Northern Irish context, than the chaps at Strasbourg."

He adds that, therefore, he has always given his vote in recent years to something on the lines of legislative proposals put forward in the last parliamentary session by Lord Scarman, which are exactly the same as the bill to be debated this Friday.

The disclosure of Lord Hailsham's views is undoubtedly an embarrassment for the Government, but no more, given that his position is long-established. On Friday, Sir Patrick Mayhew, the Solicitor General, will indicate the Government's disagreement with the route taken by the bill. The Labour leadership is also officially hostile.

The fate of the bill is still uncertain but its supporters are seeking to make the most of the current controversy on the policy raids on the BBC to generate momentum.

The sponsors need at least 100 MPs to obtain a closure to end the debate and this is still far from in the bag. While a number of big names are committed to attend, there are fewer signs of grassroots organisation among backbenchers.

Mr Richard Holme, the chairman of the all-party Human Rights Campaign, said that about 50-60 MPs were definite, and he was confident of securing the necessary number.

Among the supporters on the Tory side are six former Cabinet ministers, including Mr Geoffrey Howe, Mr Leon Brittan and Sir Ian Gilmore and 18 Tory backbench knights. There are 13 named Labour supporters, including Mr Roy Mason and Mr Bryan Gould, as well as all members of the Social Democratic Party/Liberal Alliance.

At a press conference yesterday

Mr Roy Jenkins said that the measure was now law it would have had an immediate practical impact this week by giving the BBC the right to go to the courts on the issue of privacy and freedom of expression.

The committee, which is investigating the causes of the decline of the British fleet, is due to hear oral evidence from the National Union of Seamen later today.

The GCBS says the number of ships owned and registered in the UK has fallen from 1,614 totalling 50m tons deadweight in 1975 to 552, totalling 10.4m dwt, last year. The number of seamen employed in the industry has fallen from 95,000 to 33,000 in the same period.

The decline is likely to continue because of the high employment

Merchant fleet 'could fall to 100 ships'

By Kevin Brown, Shipping Correspondent

THE UK-owned and registered merchant shipping fleet could fall to as few as 100 ships by 1993, the General Council of British Shipping warns in written evidence to the House of Commons transport committee.

The GCBS, which represents 145 British shipping companies, urges the committee to endorse a range of fiscal and legislative measures to maintain a substantial merchant fleet.

The committee, which is investigating the causes of the decline of the British fleet, is due to hear oral evidence from the National Union of Seamen later today.

It says this would still be less than the assistance offered to shipowners by some other governments and would limit aid to profitable companies.

In addition, the GCBS urges tax incentives for reinvestment, a lower tax regime for seafarers and changes to the rules of the Business Expansion Scheme to adapt it to the international nature of the shipping industry.

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

THE CITY OF London Corporation has put up for sale one of the largest sites available for urban development in Europe.

It is calling for tenders to buy the Spitalfields Market, an 11-acre site which has been a home for vegetable and flower merchants for over a century.

Developers have been attracted to Spitalfields Market because it is just outside the financial centre of the City. But it is also outside the City boundary, in the borough of Tower Hamlets which has planning authority over the site.

Announcing the terms of the sale yesterday, Mr Peter Rigby, chairman of the City's policy and re-

sources committee, said any developer buying the site would have to pay for a new market. "After that there is to be some money available for ratepayers, probably for the relief of debt," he said.

In return for selling a 150-year lease, the City expects developers to find an alternative market site, house the traders on it and hand the freehold to the City Corporation. The cost would be offset against the premium a developer would pay to the corporation for the lease.

At the same time all proposals to buy the market have to be accompanied by Tower Hamlets planning permission for the development of the site.

So far the borough has received no formal planning applications to develop the site, a spokesman said. The developers with a declared interest in Spitalfields are a consortium made up of London and Edinburgh Trust, Balfour Beatty and County and District, and the joint venture group of Rosehaugh Stanhope.

The City Corporation expects that eventually it will receive six or seven tenders, but the closing date is July 31, suggesting that potential buyers of Spitalfields will have to move quickly to have any chance of making a successful bid.

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

PLANS were unveiled yesterday for a major expansion of Glasgow Airport, which could eventually cost £110m.

The plans involve a near doubling of the size of the airport terminal, the construction of a new pier for international flights, and an expansion of the apron area.

Scottish Airports, a subsidiary of British Airport Authority plc, yesterday lodged a planning application with the Renfrew District Council. It wants construction work to begin next year, and expects it to take at least five to six years.

An expansion of the facilities at Glasgow Airport has become increasingly necessary over the past few years with the growth of both holiday and scheduled traffic from Glasgow, which has made the airport severely congested at peak times.

Financing of the project, which involves the provision of some 280,000 sq ft of terminal floor space, has yet to be determined. British Airports Authority is scheduled to review the project later this year.

Dr Gordon Watson, managing di-

rector of Scottish Airports, said in Glasgow yesterday that the number of air transport movements would grow more slowly to the number of passengers handled, because of the use of newer and quieter aircraft which would carry more passengers on each flight.

Glasgow Airport's role, as designated by the Government, is to handle domestic and short-haul European services. Transatlantic flights from Scotland are restricted to Prestwick Airport, which is near Ayr, about an hour's drive from Glasgow.

Dr Watson says that with "further tinkering" the expanded Glasgow airport could absorb the traffic that currently uses Prestwick. The future of Prestwick is next due to be reviewed in 1988. But he did not think that the expansion of Glasgow would damage Prestwick.

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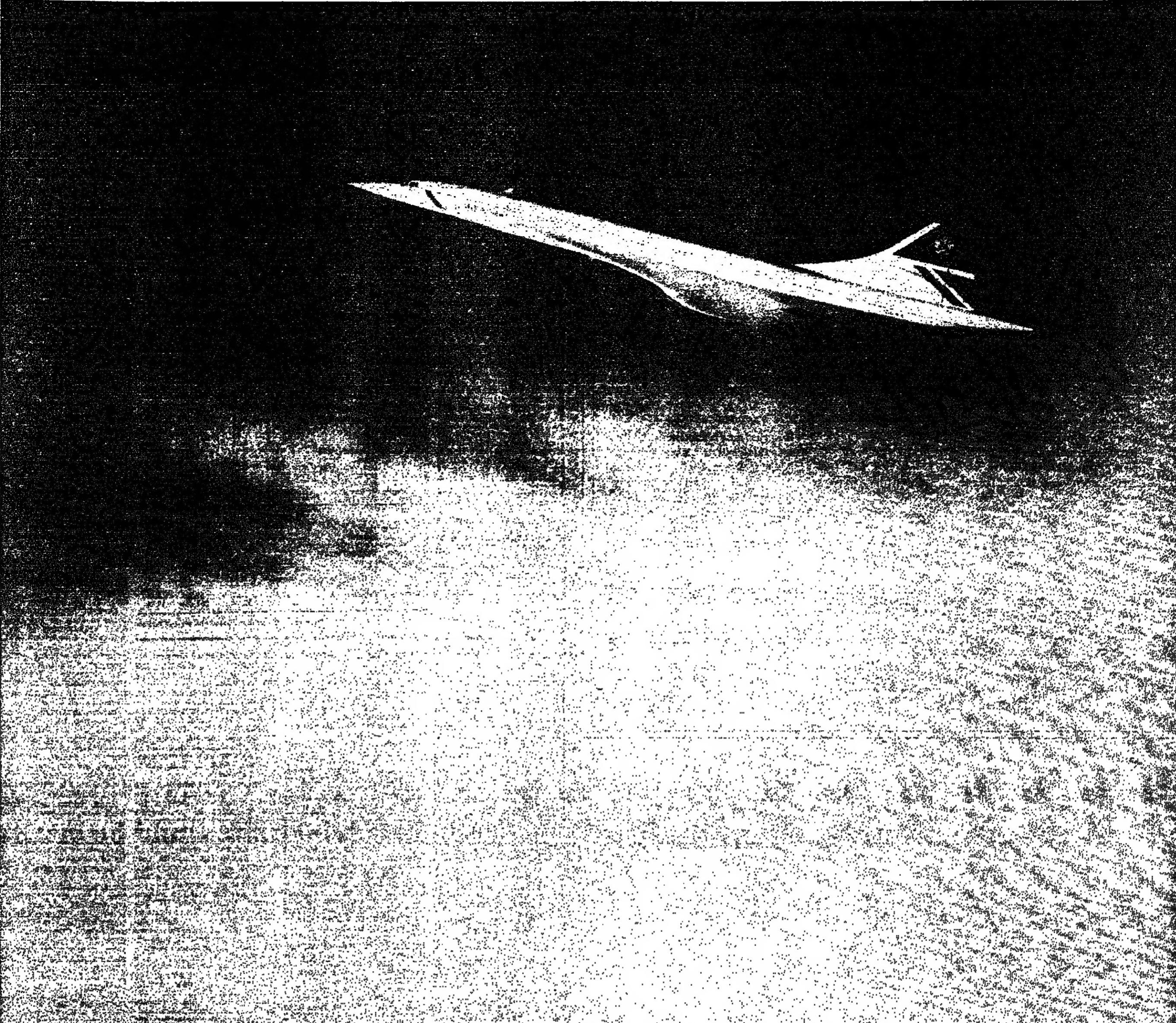
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MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

THE MOONIES of the management consulting business. The KGB of the industry. The firm where "machismo" is sacred only to secretiveness." From its start in 1978, Bain and Co, the American management consultancy, gave few signs of being worried by these descriptions of itself. Indeed, by its reluctance to speak openly about its operations, it seemed to be actively encouraging them.

Its founder, Bill Bain, set out to build an elite corps of corporate strategists, serving a select group of clients under conditions of maximum secrecy. Now, as scandal swirls around its major UK client, Guinness, Bain is receiving publicity of the most unwelcome sort. One of its staff, Olivier Roux, has had to resign as Guinness's director of financial strategy and development. Bain has also terminated its relationship with Sir Jack Lyons, its UK adviser. Sir Jack last week said he had received £2m from Guinness for "valuable advisory services."

Bain, characteristically, refuses to say anything about Guinness. But its silence is causing some uneasiness among its fellow consultants. One London-based consultant admitted that the Bain affair "hasn't done a lot for the profession. Period." Their discomfort is all the more acute because Bain is the premier practitioner of "relationship consulting," which was very much in vogue until the Guinness scandal broke.

For years, consultants had been accused of presenting their proposals to their clients and then just walking out of the door. Bain was able to cash in on the dissatisfaction this caused by offering to establish far closer links with companies than most other consultants.

In recent years the profession as a whole has tried to catch up. Almost all consultants began to stress that they help their clients to implement their proposals (London, January 18). One made the point graphically in its advertising by showing a consultant's fly-white hand smeared with grease, the dirty hand illustrating not corruption, of course, but a willingness to get down to work.

In the wake of the Guinness affair, many of the same consultants are trampling over one another in the rush to argue that the way they do business is so different from Bain that there is no chance of their becoming involved in similar scandals.

There are, it is true, some differences between Bain and the rest. Most consultants work on specific projects for their clients, hoping that this will develop into a long-term relationship.

Bain & Co

When close becomes too close for comfort

Michael Skapinker assesses the impact on the consultancy business of the secretive US firm's involvement with Guinness

Bill Bain surrounded by an elite corps



Bain is not interested in project work. It wants to be involved from the start in the client's central strategic planning. For this reason, when three or four consultants are invited by a company to bid for work by making presentations on how it would solve a particular problem, the conventional wisdom is that Bain will never be among them. It refuses to compete in this way.

Some consultants are sceptical about this, arguing that Bain's alleged refusal to make competitive presentations is just part of the mystique. It tries to create about itself. One American consultant says that he can recall three occasions on which he has competed with Bain for business. The Bain view is that if it does compete for business, it will be because the potential client is looking for a consultant to help with its overall strategy rather than with a specific project.

Dave Berry, who is a main board director of the rival MAC consulting group and who teaches at London Business School, says that Bain's strategy is "fairly crisp and straightforward. They say, 'we want to work for one of the industry leaders, we want them to become the most successful in the industry and we're going to help them to do that'."

The companies they identify might not even have considered taking on a consultant, although

Bain does try to find out which might be amenable to such an approach. In London, Sir Jack Lyons, described by one former Bain partner as "just basically a hired hand," was expected to take such soundings and help to drum up business.

Berry says that Bain expends great effort on building up data about the company, looking at its products, markets and competitors. With a mass of detailed information, Bain approaches the company, asks if it can make a presentation free of charge and then, in Berry's word, "blows them away." They are wheeled in for a presentation by Bain and come out realising two to four hours later saying, "how can we do without these guys?" Bain holds out an added inducement: it limits itself to one company in a sector and refuses to work for competitors.

Bain is understood to regard this view of how it attracts business as slightly simplistic. It does not believe that it could, as an outsider, develop in advance the sort of knowledge of a client's business which would enable it to "blow them away." But it does, after approaching a potential client or being approached by one, formulate the kind of study which it hopes will persuade the company to take Bain on.

All consultants will hope to establish a good rapport with a client's chief executive, while at the same time working with the managers of the division or section involved in the project. Bain carries this a step further: its relationship with a hired hand, "was expected to take such soundings and help to drum up business."

The close ties which Bain had with Ernest Saunders, Guinness's dismissed chief executive, were a model of what the consultancy aims to achieve. Once Bain is known to have the ear of the chief executive, it has the power to enforce its will lower down the client organisation, its clients say.

Bain maintains that it tries to win the support of all the powerful figures in a client company.

This is important, because Bain sends large numbers of consultants to work with the client company. Around 50 Bain consultants are reported to have worked at Guinness, some involved in fairly menial managerial tasks. The "Baines" almost become part of the client's organisation.

Not all high-flying Masters of Business Administration graduates are attracted by such a prospect. One, who spent a summer as an intern at Bain, turned down a permanent offer there and went to work instead for a rival consultant. "I wanted to do consultancy, not management for hire," he said.

The MRA objected to another

ment is never open ended.

Others are prepared to admit that there are potential pitfalls. Richard Ball, vice-president of the US consultancy Cresap, McCormick and Page, is prepared to concede that a close working relationship with a client can become slightly disorienting. "Sometimes you have to kick yourself to remind yourself that you don't work for the client." There are ways in which that can be counteracted, he says. One is to move consultants to a different client if they appear to be getting too involved with a company.

John Harris, European president of consultants Booz Allen and Hamilton, also concedes that implementation has its dangers. "You can't just work for clients when the sun is shining. If you're working for a client and doing an implementation project and the client becomes unprofitable or something like that you can't simply leave," he says. But, he adds, "I don't think the issue with Bain is implementation. It's conflict of interest. If somebody wanted a person of ours to be chief financial officer we would suggest either that he do so or that he leaves our firm. We would not want the financial risk of being subject to the ravages of shareholders' suits or whatever."

Bain is understood to be claiming that the appointment of an employee to a client company's board was unprecedented and was in contravention of the rules it had established for itself. Bain agreed to Roux's appointment only after urgent requests from Guinness. It regards Roux's appointment to the Guinness board as a major error of judgment, which should not be repeated.

Any re-evaluation of its operations which Bain carries out in the wake of the Guinness affair is likely to focus on administrative procedures to prevent such errors happening. There is unlikely to be any radical re-examination of the Bain philosophy. In the words of the former Bain partner, "it's really impossible for Bain to change its philosophy of putting in case teams with really close relationship with the client, because that's what Bain is all about."

It is, of course, in Bain's interest to claim that the Roux affair was an aberration. Sales no doubt hope that they can continue to pound away on the treadmill in their basement gym without worrying about whether to alter the firm's basic principles. But the implementation debate is unlikely to end there. Even without Roux on the board, it seems improbable that Bain would have escaped the fall-out from the Guinness affair.

Dichotomy between experts and the rest

Michael Skapinker on staffing trends

As with all educational experiences, what is learned is more than simply the factual and conceptual material, but also a way of thinking, a state of mind and standards of behaviour. In the case of professionals this has formal embodiment in Codes of Practice by which, in principle at least, acceptable professional conduct is judged," Segal-Horn said. The number of professional associations has grown too, with the advent of such bodies as the Institute of Sales Management.

The presence of the technical experts and professionals can have a disruptive effect on the running of an organisation. Professionals are hired to exercise an independent judgement, which can at times conflict with the goals of the organisation.

"The role of the professional is that of the expert. Technical expertise is based on specialist knowledge. Experts are therefore self-regulating, since only other experts are competent to judge their knowledge and performance. This enables fairly junior professional staff to deal directly with managers at far higher levels of seniority and for professionals in general frequently to bypass the formal management power hierarchy," Segal-Horn said.

Auxiliary

The rise of the professionals looks set to continue. Segal-Horn recalled a prediction by Professor Charles Handy that by the turn of the century organisations will consist entirely of a professional core of experts and a small auxiliary staff, with the flexibility to react quickly to technical and market changes.

If the professionals are that important to the future success of these organisations, how can companies best monitor their performance? One way, said Segal-Horn, might be to strengthen the links between companies and their organisations which establish and monitor professional codes of conduct. "Their role as auditor of suitable professional conduct, as illustrated by the sanction of disqualification from practice, although rarely and idiosyncratically used, is probably the best protection available to the organisation against abuse of future power by specialists."

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FINANCIAL TIMES
CONFERENCES

The London Motor Conference

-Manufacturing, Components and the Aftermarket

London, 17 February 1987

The Financial Times is arranging an important one-day Motor conference to be held at the London Marriott Hotel on 17 February 1987. The meeting is timed to coincide with the Autopartac '87 Exhibition being held at Olympia, 15-17 February.

The proceedings will be chaired by Mr John Neill, Group Managing Director, Unipart Group Ltd, who will give the opening address. Other speakers will include:

Mr John Hardiman
Vice-President, Parts & Services Operations
Ford of Europe Inc

Mr Tom Farmer
Chief Executive
Kwik-Fit Holdings plc

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Investment Analyst
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TECHNOLOGY

JUST AS General Motors was taking the wraps off its test-bed "factory of the future" at Saginaw, Michigan, last week, Mr Ken Olsen, president of Digital Equipment Corporation (DEC), fired a broadside at MAP, GM's new data networking system for factories. GM is using MAP to allow automation units of any make to communicate at Saginaw and several other of its plants in the US. DEC has been a major supplier of MAP equipment to GM.

Asked whether he thought the MAP development effort was worth it, Olsen said bluntly: "I can't see how it is."

Olsen thinks MAP tries to achieve too much technically and is too expensive to implement. He believes GM's needs could have been met by further development of an existing proprietary system (presumably DEC's). He suggests that development of networks by GM is "rather like me wanting to make cars."

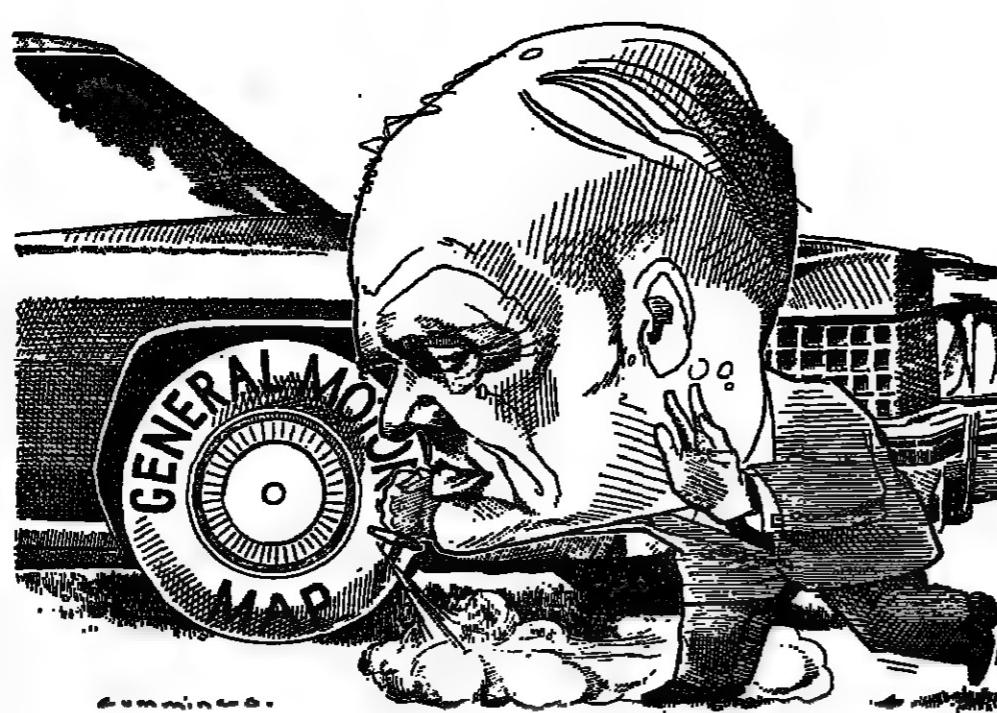
MAP (manufacturing automation protocol) is a computing/communications software technology which allows automation equipment (robots, machine tools and programmable controllers for example) from different makers to "talk" to each other under computer control on the shop floor.

MAP was pioneered by GM from about 1980 when it realised it was accumulating factory automation systems that were incapable of concerted operation because the electronic language used was different in each case. Since then GM has promoted MAP in many parts of the world.

As the International Standards Organisation (ISO) in Geneva during this time had started to develop formal standards for factory communications, GM decided to base MAP on the ISO's seven-layer software model covering everything from basic electrical signals on the cables to the format of the factory information they carry.

The aim was to determine equipment and software specifications rapidly without waiting for full sets of standards from the ISO. In the face of severe competition from the Far East, GM needed to get its plants modernised as quickly as possible. Automation suppliers to GM have had to conform or risk being dropped by the company. At the same time, to allow such suppliers to achieve volume production and low prices, GM has tried to encourage wide use of MAP by other manufacturers.

So why should the president of the world's third largest computer company speak out so openly against the Detroit motor giant's automation



DEC chief attacks GM's automation initiative

Is the 'factory of the future' worth all the effort?

Ken Olsen does not think so, reports Geoffrey Charlish

initiative? He would not give reasons. And since it was only last autumn that DEC, already publicly committed to the GM programme, announced its first MAP products, manufacturing

scene, perhaps having decided that the company's money could be better spent on developing proprietary networking products.

Another suggestion (from within UK industry) is that DEC is not as ready as it would like to be with MAP and so is seeking to slow the programme's progress.

MAP, however, now has considerable momentum with many major electronics/automation suppliers and potential users pledging support or commitment. In the UK, the Department of Trade and Industry supported a similar awareness exercise in Birmingham last November. The DTI reaction to Olsen's views is that although it does not necessarily regard MAP as ideal, it does see it as a step towards computer vendor independence (the ability to interconnect different makes of automation unit together). An official statement continues:

"The DTI supports MAP and TOP (technical office protocol). The fact is that DEC, IBM

executives must now be wondering what DEC's true position is.

It is difficult to believe that Mr Olsen was simply expressing a personal view which will somehow leave DEC's corporate policy on MAP unaffected. A reasonable theory is that he is preparing the market for DEC's withdrawal from the MAP

MAP is proving too expensive to implement, largely because of its complexity—Olsen

become locked into one supplier."

But Ken Olsen feels MAP is proving too expensive to implement (largely because of its complexity) and his view is perhaps confirmed by GM's reluctance to say how much it has spent so far on its own implementation.

The fact is that DEC, IBM

and other vendors with existing proprietary networking protocols are having to face both ways. They feel compelled to support MAP in view of GM's influence but at the same time must recoup money spent on developing their own systems by winning orders for them.

Perhaps IBM, too, has dropped a hint by using its own factory networking, not MAP, at the recently opened IBM computer integrated demonstration unit at Warwick in the UK.

Mr Mike Kaminski, the MAP project manager at GM, was clearly astonished by Mr Olsen's remarks. He said: "MAP works" and pointed out that there are three GM bus and truck plants and three car plants to prove it. By the end of 1988, GM plans to have 30 plants running on MAP. (But GM has not announced whether there are any "live" MAP installations outside GM.)

The feeling at GM is that whatever Ken Olsen's personal views about MAP might be, its acceptance is becoming more widespread by the day.

In fairness, Mr Olsen admits there are two views inside DEC. Many there feel the corporation has to support MAP because of the GM backing. But Olsen's view is clear enough. He says: "If, like GM, you must have your own thing, then you'll have to pay for it."

Coopers and Lybrand Associates, the UK consultancy that organised the technical side of the MAP demonstration in Birmingham, takes issue with Mr Olsen. Consultant Andrew Gray insists there is an over-riding need for standards and that a fresh start at GM has produced a neutral result in which no single supplier has an advantage. He believes market research has shown that DEC's networking products are not a complete solution, although they are better than IBM's product. MAP, he says, is now very widely supported.

The reaction from the European MAP Users' Group (EMUG) was also one of astonishment. Its chairman Colin Hopfroff (a Jaguar executive)

said: "European industry urgently needs to deploy computer-integrated manufacturing (CIM) in a cost-effective way to enhance its world competitiveness. The current incompatibility of vendors' equipment does not allow cost effective large scale CIM. MAP enables vendors to produce products that are readily interoperable.

He concludes: "If DEC want to remain in CIM it must continue to produce products for MAP and TOP. Industry urgently needs the potential benefits and those that facilitate this will get the orders. MAP/TOP is the correct route."

Perhaps Alvey is a UK Government initiative to fund and encourage information technology research.

The groups involved are Thorn EMI (Hayes, Middlesex), Laser-Scan Laboratories of Cambridge, RSRE (Royal Signals and Radar Establishment) of Malvern and University College, London.

The main objective is to process stereo images to produce an array of depth values for all points in the picture. Then, in a factory automation system for example, the vision system will not merely recognise objects, or features of objects, but will be able to register shape variations in depth. Three dimensional mapping is another important application.

Parallel processing (essentially the use of several processors at once) will be employed to allow the system to give almost instantaneous answers about what it sees. Inmos transputer chips will be used.

Adding atmosphere to a conversation

RACAL AVIATICS of the UK is to develop and supply aircraft systems for passenger telephone conversations with the ground. These will operate via satellites and are being built under a \$14m contract recently awarded to Racal by Inmarsat, the international maritime satellite organisation.

One of the subcontractors to Racal is Airoline, which already runs an air-to-ground system in the US. This uses numerous ground-based transmitters and receivers working to and from an aircraft as it passes overhead.

In the Inmarsat system, the aircraft aims a directive aerial at a "local" satellite, which then makes the link with the ground. Lower cost and higher reliability are the results.

The first technical trials are planned for the summer, with commercial trials on scheduled British Airways flights, taking place at the end of this year. Full service is expected by late 1988 (by which time Inmarsat's earth stations, which will connect the satellite into the phone network on the ground, will be ready).

The equipment developed will contribute to the introduction of a service that will provide voice and data communications worldwide via satellites and earth stations. Several countries apart from the UK and US are expected to establish the necessary ground stations.

Alvey delves into hidden depths

FOUR UK industrial, government and academic organisations are to collaborate in a £3.6m three-year Alvey project to produce an advanced

machine vision system. Alvey is a UK Government initiative to fund and encourage information technology research.

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The research objective will interest all hi-fi buffs. It is to examine the well-known problem that the sound from speakers varies in quality according to their position in a room itself (size and furnishings, for example). KEF says: "It would be much better if this variation in sound quality could be eliminated."

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The hope is that through a more complete understanding of "why things sound as they do" new techniques of sound reproduction might be developed.

Bell Labs. trips light fantastic

RESEARCHERS at AT&T Bell Laboratories have set a record for the amount of information that can be sent down an optical fibre per unit of time.

Using a pure, single frequency (colour) of light the engineers have succeeded in transmitting 2.68 bits in a second. This is very roughly 200m characters of text or 200 megabytes of data. A megabyte is equivalent to about 30 pages of text in a broadsheet newspaper.

The data was sent over 170 km of fibre without using a repeater (device for restoring the strength of the digital light pulses). The massive data rate over such a long length of fibre is the result of research into more powerful lasers to send the signals and more sensitive detectors to receive them.

HITACHI Europe is offering a 225 mm (8.5 inch) disc drive which it claims is the smallest machine of this type capable of storing over one gigabyte of data (1,000m characters).

The whole unit, with nine discs and 15 data heads, measures 250 x 216 x 550 mm. Known as the DK315-10, the drive offers twice the capacity of the Japanese company's previous comparable product.

A new head-actuator design and the use of thin-film heads have reduced the average access time to 15 milliseconds (thousandths of a second).

More in store from Hitachi

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CONTACTS.—Recal: UK, 0734 762168; Thorn EMI: London, 081 248 8900; CACL: London, 081 581 1111; Hitachi Europe: London, 081 248 2022; KEP Electronics: UK, 0822 50883; AT & T Bell Laboratories: US, (201) 584 4088.

Company Notices

GOLD FIELDS GROUP DECLARATION OF DIVIDENDS UNITED KINGDOM CURRENCY EQUIVALENTS

In accordance with the standard conditions relating to the payment of the dividends declared by the undersigned companies on 14 January 1987, payments from the office of the United Kingdom Registry will be made in United Kingdom currency, at the rate of US\$1.487 per £1.00 United Kingdom currency, the rate of exchange being the first available rate of exchange for remittances between the Republic of South Africa and the United Kingdom on 2 February 1987 as advised by the companies' South African bankers.

The United Kingdom currency equivalents of the dividends are therefore as follows:

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TECHNOLOGY

WORTH WATCHING

Edited by Geoffrey Charlish

Adding atmosphere to a conversation

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THE ARTS

Trittico/Royal College

Max Lopert

The first full operatic presentation in the new Britten Theatre at the Royal College of Music — surely now the best small space for music theatre in London — is of Puccini's *Trittico*. The composer himself deplored the name (the panels in this triptych are thematically unrelated) but regretted the early tendency to separate its three parts. The RCM staging is by Grazia Sciuti, conducted by the College opera chief, James Lockhart; it would probably have pleased Puccini for more than just its completeness.

With the wavering exception of Gianni Schicchi, the *Trittico* one-acters have disappeared from the bills of most opera houses (*Suor Angelica* has become, indeed, a staple for opera schools with large contingents of female students). In any account of these works by not fully mature performers the likely sufferer is the most remarkable of the three pieces.

Il Tabarro, that perfectly proportioned tale of blighted lives, tainted hopes and gradually exposed violence encompassed by the musical image of the quietly-flowing Seine.

Adult passions are perhaps the hardest thing for students to portray unembarrassedly;

and though Sharon Lloyd's Giorietta and Marc Thompson's Luigi were vocally of decent promise, they tended to semaphore their way through the action. Of Guy Bartolotti's Michele the reverse was true — interesting presence, under-powered baritone. Blair Wilson's Tincas and the ballad-seller of Philip Sheldene made their mark in every small detail, what a masterpiece!

Miss Sciuti should be praised for placing that detail with obtrusive security, and Mr Lockhart and his excellent orchestra likewise for catching the misty, mellow, viola timbres and rhythmic subtleties of the score so perceptively. Paul Gambrell's single set, a chain of red-brick porticos,

affords rest reshaping for the other operas — the convent cloister of *Suor Angelica* was probably its most effective configuration. (Why did Angelica simply swallow her poison flowers, rather than brew them into a potion?)

Each of the *Trittico* panels is a beautifully-coloured narrative incident with a surprising amounting of theatrical form at its centre. *Suor Angelica*, a grave dialogue between implacable jailer (the Prince) and pitiable prisoner (Angelica) set in the heart of a sentimental fable, came off best, as it often does. The female cast responded to its winsome humours with relish, and the male characters were delicate and unmelodramatic. Linda Clemens (*Angelica*) could not soar towards the final miracle with absolute freedom, but in "Senza mamma" disclosed a warm, rounded young soprano; as the Zia Principessa the mezzo Helen Hessey-White (also Frugola in *Tabarro* and Zita in *Giovanni Schicchi*) was probably the evening's discovery — a tall, commanding actress, a big voice boldly used. Like almost all of her fellow players she urgently needs to sharpen her Italian delivery.

The closing comedy, usually missed its target here. The painted backdrop of Florence was coarse; the scheming manners of the various parties were crudely conveyed (only Pamela Parry's Nella seemed to command anything of the required formality); and Mr Lockhart strangely softened the edge of Puccini's motor rhythms and harmonic aspirations. Altogether, though, a good evening — long in clock time but quickly passed, a reminder of some less frequently noted aspects of Puccini's technical genius. Opera in a small theatre is one of life's reliable pleasures. Final performances tomorrow and Friday.

The Viewing/Greenwich

Martin Hoyle

David Pownall's new play begins intriguingly enough. Mr Guest and his dowdy female companion appear from nowhere to view the Turner's comfortable north London house (asking price £350,000). His unelided speech gives the impression of English learnt from a phrase-book: "There are a lot of plants in this room... The front of the house is noble..." Remarks become personal: "Hardly beauty," he comments on a glimpse of the daughter of the house. "Not virgin either." He proceeds to illustrate an intimate knowledge of the Turners—Bess, his son and daughter, the first husband that she abandoned for Fred, now the children's hated step-father.

He also has a briefcase full of bank notes totalling twice the price of the house; and, most unnervingly, emerges effortlessly from the cellar in which the now rattled family has locked him. Finally, when his thin-lipped assistant protests at a request for his ID, that God needs no ID, we know we are back in supernatural visitor territory—shades of *An Inspector Calls* and *The Passing of the Third Floor Back*, with a fleeting reminder of James Bridie.

This deity in a grey flannel three-piece has come for Fred, home-breaker, wife-stealer and, it transpires, Cambridge physician who has just perfected a million-megaton bomb under dual Washington-Kremlin control that may well destroy the world as playgoers know it. A

somewhere a fizzing intellectual squib has just failed to ignite. Though left puzzled and disatisfied, we still draw pleasure from the performances in Alan Strachan's production. Priscilla Morgan (Bess) is one of those blandly funny ladies (*Prunella Scales, Rosemary Leach and Jennifer Piercy are others*) the British theatre is so good at. And therefore respectable Mr Guest and Jonathan Newth have surprisingly little to do but do it well: Lavinia Bertram (in the marvellous *Ackbourn* starrer from *Intimate Exchanges*) as the angelic assistant has, alas, even less. As for the kids, Greg Crutwell's truculent Ian is vigorously promising, and Abigail McKern remains one of the most talented of our young actresses as the putative non-pucelle.

Adrian Mitchell's new adapt-

ation is in current English but not aggressively so. (I can't imagine where he found the expletive "Fry me garters!") It is in prose, apart from an epilogue with rhymes in it.

It runs very well under the direction of Tal Rubins, with laughs arising more from situation than jokes. Eva Lohman plays Mirandolina, dandy hand-some, rather than beautiful, bubbly with attractive malefici. Schubert, Ross, Timothy Kightley and David Monico are her three main victims, the Duke, Vicount and the Major.

There is a pleasant permanent set by Kenneth Harrison, a versatile backdrop lined up with putti, who mark the mood of the play rather than the location of the action. Two extra putti drop from the flies at the moment of Mirandolina's agreement with Fabrizio. Changes of scene are specified simply by changing the furniture, or rather not "simply" but with an elegant relevance to what is going on.

Most of the plot may be forecast from the first scene. Mirandolina, the beautiful lady of an inn, is desired by the Duke of Forlimpopoli (proud but poor) and the Count of Alfaboira (rich but common). Major Ricapretta has never had any interest in women. Mirandolina's assistant is the handsome peasant boy Fabrizio. So there are disputes between the noblemen. Mirandolina decides to seduce the major for fun, and she marries Fabrizio in the last scene. Some extra footage is made by introducing two actresses posing as aristocratic ladies.

At the end of *The Colbys* it was about six or seven years ago that they began to

drive around habitually in Rolls-Royces, Mercedes and those bizarre American cars which have a boomang on the boot and are so long between the front and back wheels that they appear to be designed to collapse. If there has been a single murder in *Coronation Street*'s 27 years I am not aware of it, but J.R. is currently dealing with yet another murdered body which turned up in his weekend repeat.

However, although it may be handy for tabloid newspapers (and for the growing number of tabloid television programmes such as *Open Air* and *The Teleshow*) which live, increasingly, on the backs of popular television drama series, to categorise them all as "soap operas," *Dallas* and *Coronation Street* are actually worlds apart.

The essence of an authentic soap opera is that, like the daily American radio serials promoted by detergent companies from which the term arose,

they should last 30 minutes or less, be frequent cheap, and set in a milieu similar to that inhabited by most of the audience.

What happens to the characters may be melodramatic, but their social circumstances, attitudes and incomes must be very like those of the listeners or viewers.

In the US you can still see soaps of this type — *The Guiding Light*, *Search For Tomorrow*, *As The World Turns* — which have been grinding on for donkey's years, and pretty dreadful they are. Even the old rule "Just know your words and don't bump into the furniture" is frequently broken. The acting in British soap operas is often rather better, and the plots tend to stick closer to reality, so that they are even more mundane, even more similar to life as experienced by the audience.

The ideas at the centre of *Dallas* and its imitators, *Dynasty* and *The Colbys*, are the very antithesis of this. These are high-budget productions, lasting an hour, appearing once a week and scheduled not for the daytime but mid-evening. The Ewings, the Cartwrights and the Colbys are not merely richer than the average viewer, they are rich beyond the realms of fantasy. In recent episodes of *Dallas* Pan has urged Cliff to get some of her money back so, in the last episode, he dropped in on an acquaintance (not a friend, but a competitor/enemy as far as a non-regular viewer could tell) who was beside his swimming pool, and said he wanted "a small loan." How much? Oh, six million would do. The matter was settled there and then.

In *Dallas*, people drive around habitually in Rolls-Royces, Mercedes and those bizarre American cars which have a boomang on the boot and are so long between the front and back wheels that they appear to be designed to collapse. If there has been a single murder in *Coronation Street*'s 27 years I am not aware of it, but J.R. is currently dealing with yet another murdered body which turned up in his weekend repeat.

Everybody in these gits series is sexually attractive, and the women are always dressed as though about to take part in the final walk-down of a beauty contest: bosoms and bottoms bursting out all over, hair freshly Carmenized, lip-gloss and blusher so miraculously adhesive that repeated showers and swimming have no effect. By the matronarchs especially the matrarchs when you think of Joan Collins are sexual dynamita. At the end of the last episode of *Dynasty* La Collins, 51, marooned in a hut during a thunderstorm, was naked (as far as we could tell) and panting ecstatically in the arms of a vigorous young man known in the oil business. I believe, as a "tool pusher."

Stephanie Beacham, arrayed in an astounding white frock which managed to somehow be more explicit than nakedness, was drawing down the telephone. "Eric, this is Mrs Colby. Have the small jet standing by. I'm flying to Las Vegas."

The outstanding international success of these series has appalled and terrified Europe's public service broadcasters. They have always known of course, that given half a chance their own viewers would watch *Gunsmoke* or *I Love Lucy* or *Kojak* as avidly as the American ones, and the police wear pillbox hats instead of stetsons. But if *Chateaubriand* proves one thing above all it is that American cultural imperialism is not worthless. It is a shabby imitation of *Dallas* in which sex, arson, family feuds, huge quantities of cocaine and murder are mixed together in exactly the same proportions as in the American original.

Of course it is made largely in the commercial sector (though there are public service bodies involved) where the commercial sector is perhaps more to do with preserving European culture. But if the public service broadcasters ever do get their act together, how are they going to avoid falling into precisely the same trap and producing yet another pale version of *Dallas* with a funny accent? Will the cameraman be told to tilt from the caviar canapes up to the Tiepolo on the ceiling? Will the seductive divorcee with the big bust play the viola? Perhaps the J.R. lookalike will be required to keep on quoting Verlaine like some Gallic Rumpole?

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Democracy wins in Philippines

JUST ONE year ago this month Mrs Corazon Aquino, thrust into office as president of the Philippines on the back of a military and civilian revolt against President Marcos, declared: "The future begins tomorrow."

Having won a substantial and undisputed vote of confidence in this week's referendum on a new constitution for the troubled islands, Mrs Aquino might rephrase her declaration as: "The democratic future begins tomorrow."

But tomorrow means just that. Mrs Aquino's Government faces a daunting range of immediate difficulties.

Technically, Mrs Aquino's referendum sought public approval for a complex new constitution, most of which was neither interesting nor intelligible to the majority of Filipinos and which might well have been better left to the new legislature for detailed consideration. But it did serve some other vital purposes. It exposed Mrs Aquino for the first time to an electoral test. The overwhelming and apparently uncorrupted vote in her favour strengthens her Government considerably and stills the opponents who claimed she had plotted without electoral consent.

So Mrs Aquino's presidency is now legitimised and the enthusiastic support abroad for her position matched with a popular mandate at home. But Mrs Aquino needs to be sure that her words in support of democracy are henceforth backed to the hilt with deeds. The closure of the Daily Express, a critical newspaper; the banning of a television interview with Mr Juan Ponce Enrile, former defence minister and a leading opponent of Mrs Aquino; her tour of the country decimating local infrastructure projects during the referendum campaign are incidents all too

fair on Mr Nigel Lawson, who constantly stresses how firmly he is wedded to financial responsibility. Unfortunately, though, he is using a definition which does not rule out what the markets fear. He talks in terms of meeting his borrowing targets; but just because the economy is so strong, this is hardly a constraint at all at the moment. Reports of pre-budget window-dressing, bringing some expenditures forward into the current year of fiscal abundance, and pushing some revenue receipts forward into 1987-88, will only reinforce suspicion; the result is simply to make room for bigger tax cuts within any given borrowing target.

As Mr Lawson himself pointed out at length some years ago, a borrowing target which takes no account of the state of the economy is a rule for destabilising the economy, squeezing it when a recession cuts revenues, and stimulating it when a boom raises them. Mr Lawson was arguing in 1981 against further squeezing a depressed economy; his argument is as true in fair weather as in foul. The domestic economic situation argues against any further stimulus, however it may be disguised in borrowing terms.

Sustained growth

The international situation unfortunately reinforces this conclusion. Mr Paul Volcker's warning this week that US efforts to reduce the current account deficit are likely to be deflationary argues for stimulus in other countries; and Britain might indeed join, modestly, in a multilateral response. There is little sign of this, however, and the UK economy is too small, and sterling too vulnerable, to allow Britain to go it alone.

The Budget Judgment—the Treasury term for its economic assessment—is therefore clear. Mr Lawson should be cautious. If he insists on targeting the public sector borrowing, it should be in terms of the trend growth of the UK economy, not of the above-trend performance expected in 1987. The political pressures will all be the other way, since Mr Lawson not only wants to win support for the Government, but knows he can be sure that whatever fiscal risks he may choose to run, all the Opposition parties will outbid him (though through higher expenditure rather than lower taxes).

We ourselves will judge him on how well he resists these political temptations, offering industry the promise of sustained growth rather than risking return to stop-go management. He will still have some room for adjustment; and if he uses this to remove fiscal distortions and improve incentives rather than simply to raise incomes, he will truly deserve applause.

This judgment may seem un-

An oddly quiet revolution

BIG BANG is slipping easily into history. "Is it only 100 days?" asks Sir David International, chairman of Mercury Group, one of the largest financial conglomerates forged by last October's revolution. "There is a feeling in this institution that it's been going on for some time."

After initial hiccups with

SEAO, the Stock Exchange's automated quotation system, which hampered dealings in the early days after Big Bang, the equity market has made the transition from the Exchange floor to the electronic dealing rooms with surprising speed. The novelty of seeing the market-makers' prices on the screen and the ease of electronic execution have made dealing simpler and cheaper for investors.

Much of the City's largest and most internationally-institutions were already mentally equipped to do battle in a bigger and more complex arena. The big event actually produced a sense of relief. As Mr Michael Hawkes, chairman of investment bankers Kleinwort Benson, puts it: "It ended the phone calls"—when every one had their artillery but was unable to fire it.

Strains are nonetheless being created by the unleashing of greater competition in the equity and gilt-edged markets, and the emergence of conglomerates combining the functions of banks, brokers and jobbers—all alongside the introduction of new technology.

At Mercury, the strain is particularly visible: its equity dealers have put on weight because they spend the whole day sitting in front of an electronic dealing screen instead of running around the Stock Exchange floor. The house doctor has advised them to do more walking.

At some of the City's largest institutions, particularly the big clearing banks, the process of change is not yet complete. Many are still pushing through radical organisational measures which are putting stress on staff and pressure on budgets. Midland Bank has yet to unveil the structure of its new investment banking operation because of internal political wrangles—and the British Telecom strike has delayed its planned move into new premises in the redevelopment Billingsgate fish market.

After only 100 days, few are willing to predict who will ultimately succeed and who will fall. But there seems little doubt in the City that Big Bang was a good thing; that it was well prepared; and that the financial community will benefit. Although the process of adjustment is incomplete, the shape of the new business environment has begun to emerge.

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"We have been surprised by the size of this swing," says Mr Charles Villiers, chairman of NatWest Investments Bank (NWIB). "We had expected about 10 per cent."

The rise in share dealing and the booming stock market has helped to cushion the impact of Big Bang, enabling equity dealers to operate profitably, albeit on finer margins. The gilt-edged market has proved more difficult however—as forecast, it has turned out to be intensely competitive and frequently beset by rumours—always denied—that one of the 27 designated gilt dealers is about to pull out.

Although gilts turnover has

been reduced since Big Bang, much of the increase has come from dealers trading with each other, rather than from investors—who have been wary because of uncertainties about sterling and interest rates. "We are certainly finding gilts harder than we expected," says Mr Hawkes of Kleinwort. "The dealer in US government bonds which, single-handedly, turns over the equivalent of the entire UK gilts market.

Mr Hawkes believes the answer lies not only in good dealing and analysis, but also in a top quality back office—the bookkeeping and accounting operation crucial to the quick and efficient execution of orders.

One of the few institutions which says it is not making a loss in gilts is Barclays de Zoete Wedd, the investment banking arm of Barclays Bank. "It's washing its face," says Lord Camoys, chief executive, of his gilts-dealing subsidiary.

Lord Camoys at BZW points

to the size of personnel costs.

"This means we're going to have to be rigorous about performance, particularly among the more highly paid." BZW will conduct a salary review in April and June to see how people are shaping up.

At Midland, Mr Ernst Brutsche, chief executive of the investment banking sector, says profitability is "OK if you exclude the initial investment costs. It's a matter of how quickly you want to recoup your investment."

The first 100 days have also

seen the different strategies adopted by banks.

Barclays' expensive decision to buy a large market share (it claims to have 7 to 8 per cent). But others are sceptical of BZW's profit claims. They believe prices have been too tight to allow adequate margins to cover the cost of running a good operation. "If you are making a loss, you cannot make it up on turnover," says one of them.

Indeed, cost has turned out to be the biggest post-Big Bang headache. Whether the shock came when budgets were drawn up last year, or when the overruns began to pile up, the institutions bemoan the sheer expense of the changes.

NWIB estimates it has spent

250m to equip itself, and there is more to come. At Kleinwort, Mr Hawkes admits: "We thought £2m would buy all of us out of joint". Unlike Mr Villiers, Lloyd's Bank, which opted not to buy any firms, has been busy building up its own internal Big Bang operation and has yet to make its mark.

Lloyd's and Midland have combined their investment banking arms with their group treasures (which deal in the money and foreign exchange markets)—a pattern set by go-ahead US banks. Many people believe this could be one of Big Bang's more significant long-term results, since it will strengthen the bank's dominance of the financial markets, even if the merchant banks still claim to have the greatest skills.

Big Bang may have gone smoothly so far. But people in the City are aware that buoyant markets and the institutions' readiness to put up temporary losses have much to do with it. It took two years for Wall Street's May Day, in 1975, to produce its greatest shocks, such as the collapse of brokerage houses. Similar trials could lie ahead on this side of the Atlantic.

"How long can it be sustained?" asks Mr Brutsche. "It will have to settle down some time."

The implementation of the grand plan for a world stock exchange is still in its early stages. Initially, it involves building on the Stock Exchange's existing international quotation system. In the longer run, however, an entirely new system is envisaged in which brokers anywhere in the world will be able to quote prices to other professionals around the world via the London system.

The build-up of foreign arms has also had a more immediate impact. "It's beginning to look a lot more like New York," says Mr Jacques Gelinard, chairman of Shearson Lehman Brothers International, which acquired the UK broker L. Messel.

One new trend, led by US firms such as Salomon Brothers and Goldman Sachs, is the trading of entire portfolios of both UK and international stocks by institutional investors. The investors, instead of selling blocks of individual stocks which could take hours or days, can execute strategic investment decisions at a stroke.

They are able to seek bids from brokers for whole portfolios in order to take advantage of intense competition between them. For their part, the brokers often put in bids "blind" without knowing the portfolio's contents.

Their risky, capital-intensive business serves to underline the tough competition faced by participants in what appears to be an overcrowded London market.

NetWast, by contrast, bought small firms and saved money, but has had to hire more than 1,000 people. "The bid, some 200m out of joint," admits Mr Villiers. Lloyd's Bank, which opted not to buy any firms, has been busy building up its own internal Big Bang operation and has yet to make its mark.

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Scottish forestry and conservation

Battleground of the great wilderness

By James Buxton

IN THE twilight of a grey mid-winter afternoon in the wilds of Caithness, the recently planted conifers are little more than a green blur. But in the minds of foresters, conservationists and an increasing number of politicians, the young trees growing in the bleak far north of Scotland are a major battleground in the war over the rights and wrongs of forestry in Britain.

For this is the Flow Country, to give it the name specially coined by conservationists for this vast area of relatively low-lying moorland and bog in Eastern Sutherland. It is not the type of scenery that features in catalogues of Scottish beauty spots.

Fountain Forestry, the private forestry company which, with the Forestry Commission, is managing the reforestation of some of the area, sees what it is doing as a beneficial development project which will eventually lead to the creation of a timber-processing industry in an area that has little other economic potential.

But to the conservation lobby what Fountain Forestry is doing is economically unaffordable and is eroding the habitat of some of Britain's rarest birds. As forestry comes increasingly to the attention of politicians, the conservation lobby has received a powerful boost from a deeply sceptical report on its economics from the Auditor-General. Important hearings on forestry began in the Commons Public Accounts Committee today.

Fountain Forestry has been buying up moorland from landowners and farmers in the Flow Country since 1981. With the blessing of the Forestry Commission, which regulates forestry in Britain, and which pioneered tree planting in Caithness, it is planting it with a mixture of Sitka spruces and Lodgepole pines, as well as the 5 per cent of hardwoods now required by the Commission. Out of nearly 16,000 hectares of land suitable for forestry which it owns in the Flow Country, it has planted nearly 9,000 hectares and plans to put trees on a further 5,700 hectares. In all about 12 per cent of the Flow Country — which totals 100,000 hectares — is now planted.

But with labour mainly used in the early stages of a plantation, the employment will only be sustained if Fountain Forestry can continue planting. To a small army of conser-

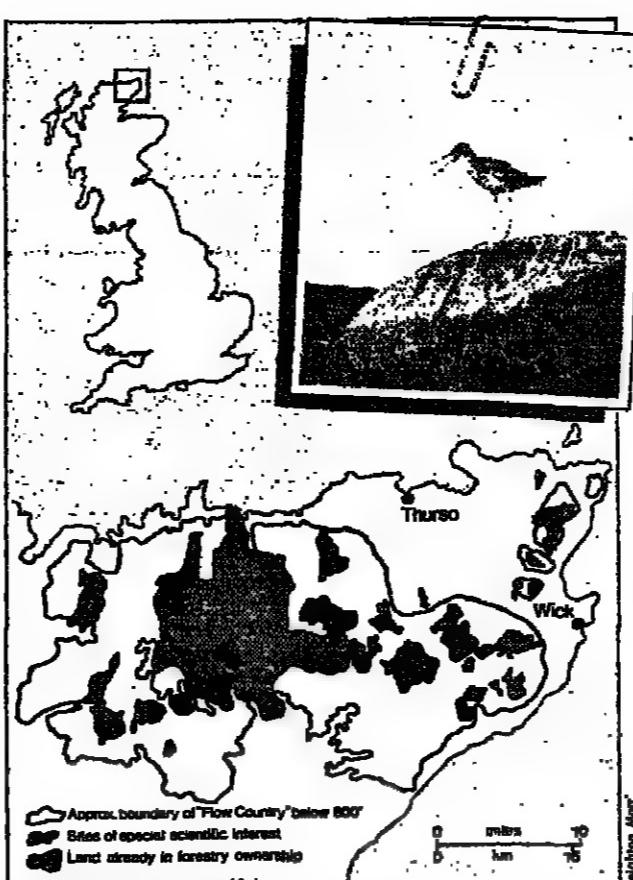
vationists, led by the Royal Society for the Protection of Birds and the Nature Conservancy Council, what Fountain Forestry is doing in the Flow Country is destroying the last great wilderness left in Britain. Around the flows — the local word for bog — lives a bird community not found elsewhere in Britain; in particular it is the breeding ground of about 70 per cent of Britain's 1,000-odd greenshanks, a wader whose other habitats are in the far north of Europe.

The RSPB believes that about 15 per cent of the Flow Country's original population of 600 pairs of greenshanks has already disappeared because of afforestation, and the ploughing of trenches and the changing drainage pattern which it brings.

The society has campaigned for several years to stop Fountain Forestry. It has employed publicity — which somewhat dismally presents a vast sporting estate owned by Fountain Forestry in Caithness as potential forestry land — and in at least one case, has tried to block the company by offering higher prices to landowners thinking of selling to Fountain Forestry than the company is prepared to pay.

The RSPB draws some comfort from the fact that strategic chunks of Fountain Forestry's acreage have recently been designated areas of special scientific interest (SSI) by the Nature Conservancy Council, thus effectively closing them to forestry. The report concluded that the rate of return on new planting was unjustifiably low, argued that Britain did not need a large forestry industry for balance of payments purposes and said the benefits of all else so that it threatens the development of an industry and a national resource." And Mr Mike Ashmore, the company's director for Scotland, says: "We are confident that we are not making an impact on the greenshanks." To make sure, the company is funding, with the Forestry Commission, a study of the effects of forestry in the area on moorland birds, which is ironically being carried out by the RSPB.

Mr Ian Bainbridge, the RSPB's forestry officer, insists that the greenshank is in



Source: Royal Society for the Protection of Birds

The economics of Sizewell B

Layfield fails the coal price exam

By Richard Pryke

IT CONTAINS as much analysis as a telephone directory. To what extent is this a fair criticism of the crucial chapter on coal prices in the Layfield Report?

I have just been composing examination questions and this is one which I might well have put in my paper on the economics of energy. There is no doubt that the economic case for the Sizewell B nuclear power station hinges largely on what view is taken of future coal prices. The reasons are that in the UK coal is the only conceivable alternative to nuclear power and that nuclear stations are very expensive to construct but once built have very low fuel costs. Hence it is worth running nuclear stations flat out to minimise the electricity industry's total expenditure on fuel. The size of this expenditure and therefore of the savings which a nuclear station will make, depends on whether coal prices will be high or low.

The short answer to my spoof exam question is that, remarkably at it may seem, the Layfield's crucial chapter on coal prices (not to mention other chapters) possesses no more argument than a telephone directory.

Having failed to make any proper evaluation of the evidence or to sort out these economic issues, Layfield announces: "I have been influenced by the extent of the general coherence and persuasiveness of each party's case. The Central Electricity Generating Board's price projections appear to me to be substantially too high. I was impressed with the National Coal Board's evidence which would equally well apply to the Coal Board's evidence or indeed to the Layfield Report itself. In fact Steenblik based his estimates on work performed by or on behalf of the authoritative Government-backed US Energy Information Administration, which prepares estimates of world coal prices by methods very similar to those he employed."

Faced with the widely differing forecasts which he received from the Monopolies and Mergers Commission, which works to professional standards, should be entrusted with the task. Its past reports on the CEBG and the Coal Board were vastly superior to the Layfield Report.

The author is a senior lecturer at Liverpool University.

unit costs because the increase in miners' real earnings would be greater than the rise in productivity and also because the cost of the goods and services which the industry buys would continually escalate in real terms. Inspection of the source documents which the Coal Board used shows that one reason for this assumption was the belief that, as a result of the huge increases in production envisaged, wages and the cost of equipment and materials would be bid upwards, just as they had already.

This ignores the fact that in a world of tight energy supplies and after the miners' strike, these trends no longer apply. Layfield should have asked himself whether this process would not have gone into reverse by 2000, and should certainly not have treated the NCB's estimates as the appropriate equilibrium or trend prices. The NCB specifically warned that its estimate for 2000 was above the equilibrium level.

The other systematic forecast was provided by Mr Ronald Steenblik, a witness for the Town and Country Planning Association. He estimated that if the price were to be set in a wholly competitive manner it would only be \$45 per tonne by the end of the century. Although he did not believe the price would be fully competitive, he predicted that it would probably be no more than \$60 per tonne.

The purpose is not the grand one of deciding what the price of coal is likely to be in 2000, nor should what I have said be taken as a veiled criticism of the decision to build Sizewell B (of which I have long been in favour). My purpose has been to indict Sir Frank Layfield for having failed to justify his central projection of coal prices and more generally for having failed in Bagehot's words "to teach the nation". He should have made a serious analysis of the price forecasts which he received and sorted out some of the issues involved.

Had he done so, at least he would have bequeathed a foundation from which economic argument about future power stations could have been conducted.

The way in which he dodged the task raises the question of whether this form of public inquiry is suitable for throwing light on the economic desirability of nuclear power. Perhaps in future the Monopolies and Mergers Commission, which works to professional standards, should be entrusted with the task. Its past reports on the CEBG and the Coal Board were vastly superior to the Layfield Report.

The author is a senior lecturer at Liverpool University.

Most of the investors are businessmen and women, but Terry Wogan and Hurricane Higgins are also among landowners in the Flow Country.

money of the rich in Britain and is essential to attract investment to an industry which has to plan for the long term. With the grant, the industry has accounted for about 45 per cent of the 120m which has so far been invested through Fountain Forestry in Caithness. On land which once employed only six people in sheepfarming — which the Government subsidises to the tune of 85 per cent — Fountain Forestry has created about 40 full-time jobs and the equivalent of another 100 jobs in part-time work. That makes the Perth-based company one of the biggest employers in Caithness where the total population is only 30,000.

But with labour mainly used in the early stages of a plantation, the employment will only be sustained if Fountain Forestry can continue planting.

To a small army of conser-

Nuclear power arguments

From the Managing Director, Cambridge Energy Research.

Sir — Sir Frank Layfield in his report on Sizewell B concluded that the chance of a coal-fired station having lower costs than Sizewell B is only about one in 40. Your article "Nuclear reactors offer cheaper power than coal-fired stations" (January 17), based on a report by our company, appeared to support Sir Frank's conclusions, as did your "Power to the nuclear cause" (January 28).

The results of our study, however, indicate that the economic arguments for nuclear power are less compelling than either your articles or Sir Frank's report indicate. Certainly in some countries and under some assumptions the advantages of nuclear power are persuasive. Nevertheless, in the UK the price of coal must exceed \$33 per tonne. (In 1986 prices for nuclear to have any advantage assuming a discount rate of 5 per cent, and \$35 per tonne at 10 per cent discount rate. Investment appraisal by the CEBG is presently carried out at 5 per cent, but if any more were made to place the electricity industry into private ownership such low rates of return on capital would hardly prove acceptable to shareholders.

Coal is currently available in Rotterdam at around \$30 per tonne. Even allowing for site costs and some price increases, Sir Frank's conclusions appear to carry a degree of overconfidence that would be puzzling if we did not all appreciate that the world has moved on from late 1984, the time when new evidence to the public inquiry was last admitted.

Nigel L. Evans (Dr.), 10, Jesus Lane, Cambridge.

Methodological assumptions

From Mr G. Rousopoulos.

Sir — I analysed the CEBG's original written evidence to the Layfield inquiry in some detail for professional reasons at that time, and concluded, among other issues, that there were two highly questionable methodological assumptions in its comparison of the economics of nuclear stations with alternative sources (or economies) of energy.

The first is the use of a 5 per cent discount rate in "real" terms for the comparison of the cash flows. This is in accordance with Treasury practice for public sector investment, but at odds with the criteria current in private industry where a real return of 6 per cent to 10 per cent, depending upon the nature of the risks, is usually adopted. The latter range should have been used since this is an

industrial project competing with alternative energies whose pricing projections, apart perhaps from domestic coal, start from current industrial criteria. The impact on the relative economics of, for instance, PWR and coal stations is pivotal even on the basis of the CEBG's other assumptions because of the greater early capital intensity of all nuclear plants.

The second is the negligible impact on the comparison of the substantial and uncertain decommissioning costs of the nuclear stations because, again, of their discounting over a 40 year period. I would go further than Mr Scammon (January 20) and suggest that the nature of the obligation laid upon future generations makes any discounting at all inappropriate: we are not dealing with a productive investment which can properly be compared with alternative returns or interest rates, but with an unproductive activity that will be required of a future social order. One could even argue for a negative discount factor since we cannot be certain that the decommissions will be feasible at currently estimated costs, or that this future society will have retained the necessary expertise to handle without adverse environmental effects.

The chemical industry is Britain's most successful exporter, with a favourable trade balance of \$2.5bn in 1986. It can maintain and enhance its performance provided it is internationally cost competitive, not least on electricity which accounts for up to 60 per cent of manufacturing costs for important products.

But for this reason we at the Glasgow Business School have never offered a full time MBA. Our entry consists exclusively of candidates who have at least five years' management experience. Thus industry has indeed evaluated their potential and has pronounced the results good. Although the three year part time route is an onerous undertaking requiring a high level of commitment, the "re-entry" problems and the inexperience of callow youth are avoided altogether.

The sequencing of topics can be related to the participants' maturity and experience and their developing focus on specific career and organisational learning objectives.

We think also we do listen carefully to what employers tell us about industry needs. Our involvement in an essentially part time postgraduate, post-experience MBA is a fundamental guarantee of this and this orientation is reinforced by the heavy emphasis on Teaching Company Programmes which link us with industrial and commercial companies developing new technology, management systems, and production. In many ways we may come to the heavy emphasis on the full time, postgraduate MBA as a temporary aberration of the 1960s and 1970s and the part time mode will in future become the norm.

(Professor) David Weir,
University of Glasgow,
53-59 Southpark Avenue,
Glasgow

Letters to the Editor

From the Managing Director, Cambridge Energy Research.

Sir — The Lex column

From Professor D. Weir

Sir — I read with interest

your report (December 24) of

the study undertaken by Dr

Berry of the Manchester Busi-

ness School on the value added

by a good MBA degree.

You noted that "employers

questioned showed mistrust and

suspicion about the value of

MBA graduates and their man-

agerial potential" and that

"employers wanted business

schools to listen to them more

carefully about industry needs."

These points are well taken

in relation to MBA degrees

taken at the immediate post-

graduate stage by inexperienced

young people in their early 20s.

The Manchester MBA on which

this study is based is of course

a well respected example of this type of programme.

But for this reason we at the

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MBA as a temporary aberration

of the 1960s and 1970s and the

part time mode will in future

become the norm.

(Professor) David Weir,

JOBS

More downs than ups for executive candidates

BY MICHAEL DIXON

WHICH is the best month for executive-job hunting? The sad news for readers in Britain, at least, is that it is the month which has just ended. Moreover next winter will be almost on us before even the second best comes round again, according to research by the MSL International recruitment consultancy.

While patterns of demand differ with country, the research found that the UK advertised market for managers and key specialists ebbs and flows regularly over the year.

For illustration, let's suppose the demand was perfectly even. Then, for every 1,200 jobs coming up in a year, 100 would be offered each month. The consultancy's study of the pattern over the 1974-82 decade showed that, far from running at a uniform 100 a month, the actual distribution of offers was broadly as follows:

| Month | Jobs offered |
|-----------|--------------|
| January | 124 |
| February | 104 |
| March | 106 |
| April | 92 |
| May | 99 |
| June | 104 |
| July | 107 |
| August | 94 |
| September | 95 |
| October | 110 |
| November | 111 |
| December | 70 |

But the likelihood that the peak month of 1987 has already gone is unfortunately not the

| Type of work | UNITED KINGDOM ADVERTISED DEMAND FOR MANAGERS AND SENIOR SPECIALIST STAFF | | | |
|--------------|---|------------------------|-----------------------------|------------------------|
| | 1985 Posts advertised | Change from 1985 | 1984 Posts advertised | Change from 1984 |
| R & D | 3,483 | -418 | 6,674 | +27 |
| Marketing | 6,174 | -44 | 6,971 | -51 |
| Production | 4,809 | -317 | 7,025 | +15 |
| Accounting | 6,402 | -47 | 6,721 | +124 |
| Computing | 3,728 | -128 | 4,227 | +74 |
| General mgmt | 1,268 | -51 | 1,236 | +20 |
| Personnel | 972 | -42 | 962 | +63 |
| Others | 5,493 | -168 | 6,602 | +146 |
| Total | 32,490 | -19.1 | 40,139 | +2.1 |
| Jan-March | 8,804 | -24.3 | 11,624 | +9.3 |
| April-June | 8,172 | -21.5 | 10,412 | +3.8 |
| July-Sept | 7,644 | -17.4 | 9,587 | +2.6 |
| Oct-Dec | 7,598 | -8.7 | 8,936 | +1.3 |

worst news I have to pass on today. For despite ruling politicians' optimism about job prospects generally, in the case of demand for executives it looks as though the peak year of the whole 1980s decade is now a thing of the past.

The signs lie in MSL's counts of high-grade jobs advertised in leading UK journals. The counts, which have been made every three months since 1985, show that demand comes and goes in cycles. Unless something occurs to break the cyclical pattern, the market is now in a decline and unlikely even to start turning up again until 1989.

The results of the consultancy's three-monthly counts over the past five years are set out in the table to the right. The annual totals appear between the two sets of lines about three-quarters of the way down, with the quarterly breakdowns for the respective years below.

As you can see the 1986 total was the lowest since 1982, and brought the market's first recovery from the trough of the year before, when the annual total was the lowest ever recorded at 18,795. From the middle of 1981 there followed four solid years in which every three-month period's count showed an increase over the figure for the corresponding quarter 12 months before.

Then in mid-1985 the constant rise gave way to a continuing fall. It is true that last year each successive quarter saw a lower rate of decline by comparison with the equivalent three months of 1985. Even so MSL's experience leads it to believe that the descent will now have accelerated again to around the rapid rates of early 1986.

The overall drop in job opportunities is not of course affecting all kinds of higher-ranked workers alike. As the top section of the table shows, sales and marketing specialists got away with only 4.8 per cent fewer openings in 1986 than in 1985, so doing even better than accounting and finance staff.

But any optimism raised by the relatively small drop in

however, the Jobs column has not yet resigned itself to gloom.

For one thing, the fact that past market downturns have always continued for several years is no guarantee that the present one will. For another, although recruitment of executives is down, with few exceptions companies have not been chucking lots of them out. Besides, it is hard to be pessimistic when daylight in London not only lasts beyond 5 pm but is getting longer all the time.

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In the first instance, please contact David Grove, consultant to the Bank, by telephone on 01-574 8838, or in writing, enclosing an up-to-date c.v., to: March Consulting Group, 12 Sheet Street, Windsor, Berkshire, SL4 1BG.

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Our client, the securities arm of a major international banking group, is embarking upon an ambitious expansion programme. We have been retained to help them find a number of Private Client Account Executives and would like to hear from candidates who have the relevant stockbroking experience and qualifications.

Candidates should possess investment skills, and also the ability to discuss and advise on all aspects of personal finance with a wide range of clients. The appointment offers an exciting future in a dynamic environment supported by the resources of this major group. An attractive salary will be negotiated.

Please apply to J.R.V. Coutts, Career Plan Ltd, Chichester House, Chichester Rents, Chancery Lane, London WC2A 1EG, tel: 01-242 5775. Between 8 pm and 9 pm, Anthony Jones, 01-348 3641.

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The Investment Bank of Ireland Limited is a wholly owned subsidiary of Bank of Ireland. Our Investment Department is a leader in its field. We manage a wide range of funds on behalf of insurance companies, pension funds, unit trusts, charities and private clients. Due to the continuing expansion of our business we wish to recruit additional personnel.

Portfolio Managers and Assistant Portfolio Managers

The successful candidates will be responsible for the day-to-day management of clients' portfolios. These portfolios are invested in International and Domestic Equities, GILTs and Properties. Candidates will be individuals of high calibre who will be expected to develop good working relationships with our clients. They will have a knowledge of the investment industry and their experience will probably have been gained in a merchant bank, insurance company or in a stockbroking firm. The positions will be attractive to energetic, intelligent and ambitious people.

Equity Analyst

This position requires a person who has a successful track record of Equity analysis in the Irish or overseas markets. Previous experience which would have been gained in an Investment Management team or stockbroking firm is essential.

These positions will carry very competitive salaries. In addition we offer attractive fringe benefits associated with major financial institutions.

Please write, in complete confidence, enclosing details of career to date, to:

Mr. F. J. Healy,
Associate Director-Personnel
The Investment Bank of Ireland Limited,
26 St. Stephens Place,
Dublin 2.



THE INVESTMENT BANK OF IRELAND LIMITED

INVESTMENT ANALYSTS WITH VISION

Are you an experienced investment analyst in either the electronics/electricals or financials sectors? Do you need a greater challenge for your skills? Do you want to become a recognised global expert in these areas?

Hoare Govett, one of the leading foreign based brokers in Japanese equities, is looking for two quality analysts to develop its standing in the electronics/electricals and financials sectors of the Tokyo market. Researching these two important sectors of the rapidly changing Japanese economy will offer the successful applicant the opportunity to gain an intimate knowledge of companies which are recognised as world leaders in their respective fields.

These Tokyo based positions are regarded as key appointments in the development of Hoare Govett's Japanese equity business. We need established professionals with a high degree of independence and the ability to lead an analytical team from day one. Analytical skills and in-depth industrial knowledge are more important job requirements than familiarity with the Japanese language. Prospects for personal advancement and for developing a truly international research franchise are excellent.

Hoare Govett, with the full backing of its parent Security Pacific, is rapidly developing into one of the world's truly global equity brokers. A key component of this development programme is the continued expansion of our excellent reputation for international equity research.

The remuneration package will be attractive to applicants of the highest calibre.

Please apply with full career details to Alan Butler Henderson, Hoare Govett Limited, Heron House, 319-329 High Holborn, London WC1V 7PB. Telephone: 01-404 0344.

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Our Client, a young, quoted plc with interests in property investment/trading and financial services, has grown rapidly and profitably during recent years. The company is in a very strong financial position with significant funds available to finance planned, rapid future growth.

A major element of the company's growth strategy relates to property based corporate acquisitions, and an executive with proven acquisition experience, and a very much hands on style, is required to implement this strategy.

Naturally, experience gained in a property oriented environment will be particularly attractive but the primary requirement is for well developed acquisition skills which must include acquisition identification, significant experience of high level negotiation and the ability to close deals.

c.£50,000 + share options, bonus etc.

In addition to the aforementioned attributes, applicants should possess entrepreneurial flair, strength and breadth of judgement and a high degree of personal integrity so that elevation to main board membership will follow.

As this is a young company, still in the early stages of its growth, this position offers a considerable opportunity to influence the company's future development and to participate in its future success.

The salary package is an indication of the importance attached to this position and will not present a barrier to the recruitment of an outstanding candidate.

Write in confidence, enclosing a full c.v., to Timothy Elster, Executive Selection Division, quoting reference no. L/713/F.



Pear, Marwick, Mitchell & Co.,
City Square House, 7 Wellington Street, Leeds LS1 4DW.

FUND MANAGER US\$ STRAIGHTS

Due to a dramatic increase in the pension fund assets of this major international financial institution, the London subsidiary requires an experienced and successful fund manager to strengthen and develop its portfolio management operation.

Drawing on both your technical and marketing skills and your knowledge of the world economic scene including the movement of international interest rates, you will have valuable input to the fund management team as well as making regular reports to investors with regard to the performance of their portfolios. By assisting in the preparation of reports on the Eurobond market for potential investors, you will play a leading role in developing the client base. You have a keen nose for market trends and will enjoy the challenge of identifying and evaluating new forms of investment.

With at least two years' experience of managing fixed income US\$ bond funds, this is an opportunity to make your mark on the team and its future strategy. With an interest in economics, and preferably with a degree, you are numerate, and possess excellent communication skills. Your easy-going personality means that you enjoy contact with both fellow colleagues and the trading team, as well as with investors, both current and potential.

A highly competitive remuneration package including all the usual banking benefits is offered. To apply please ring or write in complete confidence, to Kathryn Barnes of Cripps, Sears & Associates Limited, Personnel Management Consultants, International Buildings, 71 Kingsway, London WC2B 6ST. Telephone 01-404 5701.

Cripps, Sears

Economist for Corporate Planning

This British-owned Corporation has worldwide interests in technology, consumer, natural resource and energy based industries. The Corporate Planning Unit operates in a key central support role to the main board. Your tasks would include forecasting the economic and business environment, country risk analysis, assessment of business development opportunities and ad hoc studies of economic and other issues of importance to the company.

Ideally in your late 20's or early 30's you should have a post-graduate qualification in economics and relevant business experience. A successful track record with good written and verbal skills and an ability to respond rapidly in a commercial environment are essential.

Starting salary will be fully competitive with an excellent benefits package including non-contributory pension and assistance with relocation expenses, where appropriate.

Career development opportunities are excellent either within an economics or planning function or in other parts of the corporation.

Please write with full details. These will be forwarded direct to our client. List separately any companies to which your application should not be sent. N.S. Holker, ref. NH/1/B1.

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INVESTMENT MANAGEMENT INTERNATIONAL PRIVATE CLIENTS PORTFOLIO

Our client, a leading International Bank, is seeking an additional Portfolio Manager, to play an important role in the expansion of its highly successful investment management team.

The ideal candidate will have experience of managing discretionary multi-currency bond and equity portfolios for non-resident individuals, together with the personal attributes expected of a manager who will deal regularly with High Net Worth customers.

An attractive remuneration package is offered (according to experience) with an impressive range of fringe benefits.

Applications in writing, accompanied by a curriculum vitae, should be sent to: Richard Meredith.

LONDON BRUSSELS HONG KONG SYDNEY

Jonathan Wren
Recruitment Consultants
No.1 New Street, (off Bishopsgate), London EC2M 4TP.
Telephone: 01-623 1266

CLIENT LIAISON

PENSION FUND MANAGEMENT

c.£15K + bonus - Central London

The Pensions Division of Prudential Portfolio Managers—the Prudential's investment management subsidiary—is responsible for pension fund assets of some £7,000m. This includes almost £1,000m of corporate pension fund assets managed on a unitised 'managed fund' base for a wide range of commercial and industrial clients.

The critical, on-going task of keeping these clients closely informed on every aspect of the investment management of their schemes, from present performance to future strategy, is handled by the Investment Services Unit. Internally, too, this unit plays a crucial role in gathering and presenting information on market conditions and competitor activity, and in doing so maintains a whole host of briefing material. In short, it fulfils a marketing and communications role which sharpens the competitive edge of PPM's investment management service.

That is the background to the appointment of a Client Liaison Executive to further strengthen the Unit. The individual has to be someone who, on the one hand, understands the investment world through first hand experience in a financial area such as fund management or investment analysis, and, on the other, is a natural communicator both orally and

in writing. To quote from our written specification "...the ability to understand the macroeconomic view and to translate this into client specific investment reports and presentations is essential". This aspect of information presentation will demand a high standard of report-writing and an understanding of the principles of artwork and design, for which training will be given where necessary.

The ideal candidate would be aged mid to late 20's with the maturity and the presence to command the respect of senior financial directors within our client companies. The position will appeal to someone who recognises this as a stimulating career avenue with a pre-eminent corporation that has a major involvement in this area of pension fund management.

The long-term career prospects are excellent, and an attractive financial package includes benefits such as low-interest mortgage and non-contributory pension scheme.

If you see yourself in this role, please tell us why in the form of a letter and detailed cv sent to:

Patrick Margrave, Personnel Officer,
Prudential Portfolio Managers Limited,
142 Holborn Bars,
London EC1N 2NH.

PRUDENTIAL

Prudential Portfolio Managers Limited

A major international bank is seeking to recruit an EDP Auditor for its UK operations.

Based in the City of London, but with some UK travel, the person appointed will take responsibility for ensuring both the integrity of existing systems within the bank, and that major project development programmes conform to agreed standards.

The bank is currently introducing major new systems and this appointment offers an opportunity for the right candidate to develop the role of EDP Auditor at an exciting time in the bank's development.

Candidates will be professional auditors with several years' experience in EDP audit, some of it spent in an IBM environment. They will be conversant with international payment systems eg SWIFT and CHAPS, and will have the personality and professional skill to use their authority to operate in a proactive rather than a reactive way.

For the right candidate this position could be the next step in a career in International banking. If you feel you can meet this specification, please write in confidence to Jacqui Lewis (ref: 4007).

EDP Auditor

International Bank

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70 Finsbury Pavement London EC2A 1SX.

Financial Services Industry -Sales Executives

City £25,000-£45,000+car

Radical changes affecting the City's money markets continue to create unprecedented opportunities for financial institutions to diversify their interests and compete in new markets. In order to succeed, more and more companies are requiring increasingly sophisticated information systems and software solutions.

Our client, the UK subsidiary of a high-tech multinational, is a major supplier of financial applications to this market and is already well ahead of the competition in providing powerful, effective and innovative integrated solutions to a wide client base.

To further strengthen its position within the industry, the company is now looking for a small number of Sales Executives with 8-10 years' broad-based financial services experience, to specialise in one or more of the following areas: Wholesale Banking, Retail

Banking, Commodity Broking, Stock Broking and International Financial Telecommunications Systems.

It is expected that candidates will have experience in a sales and marketing capacity with either a software house or with a financial DF consultancy. An in-depth knowledge of the financial industry and market practices is essential.

The career opportunities in this buoyant and progressive client-led operation are virtually unlimited. Salaries, which are highly competitive and relate directly to ability and experience are offered together with a car and generous long-service benefits.

Please send full career details which will be forwarded to our client unopened. (Address to our Security Manager if listing companies to which it should not be sent.) Ref: J306/FT.

PA Advertising

Hyde Park House, 68a Knightsbridge, London SW1X 7LE.

Tel: 01-233 0600 Telex: 27574

Investment Management

Assistant Manager-Client Liaison

Provident Mutual Managed Pension Funds Limited is an expanding investment management company with over 700 pension scheme clients and assets under management of approximately £1,200 million.

We are looking for a professionally qualified person, probably a chartered accountant, aged late 20's with a degree in economics or an associated subject, to join an existing team of three based in our Investment Department in the City. The job will involve making written and oral presentations covering a wide range of investment information to senior executives of both existing and potential clients.

A basic knowledge of investment is a prerequisite but greater emphasis will be placed on overall ability and enthusiasm than on previous investment experience. The successful applicant will have an outward-going personality and be able to demonstrate the potential to fulfil the role after a period of familiarisation and training.

The position will command a salary of at least £17,500 and the package will also include a car, non-contributory pension scheme, assisted mortgage and other fringe benefits. The prospects for advancement are good.

If you wish to be considered for this appointment, please write giving age, details of qualifications, experience and current salary to C. E. Hughes Esq, MA FIA, Managing Director, Provident Mutual Managed Pension Funds Limited 25-31 Moorgate, London EC2R 6BA, marking the envelope "PERSONAL".

PROVIDENT MUTUAL

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with a difference
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Applicants should meet the following requirements:

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- * Willingness to work with companies with net worth from £100,000 to £200,000 million
- * Ability to structure security requirements and to initiate and supervise their implementation
- * Ability to create and organise efficient monitoring systems
- * Ability to use own initiative and to work to a high standard
- * Ability to relate to customers and liaise with lawyers and credit insurers
- * Willingness to travel
- * Languages desirable though not essential

Prospects are excellent. A substantial remuneration package is available for the right candidate.

Please apply to Box A.0397, Financial Times

10 Cannon Street, London EC4P 4BY

Phillips & Drew TRADED OPTIONS SALES

Phillips & Drew is wholly-owned by the Union Bank of Switzerland, Switzerland's largest banking institution, and is a key player in the world of finance. The expansion of the Traded Options market since 'Big Bang' means that we are currently seeking dynamic young people to join our Traded Options Sales force—a team widely respected throughout the City. You should be a self-starter, with a degree and a mathematical background. At least one year's experience in traded options is preferable, although an equity sales background will also be considered.

We will reward you with an excellent compensation package including a performance bonus, mortgage subsidy, pension scheme, free life assurance and free BUPA.

Please write in confidence to:

Sally Walkley, Recruitment Officer,
Phillips & Drew,
120 Moorgate, London EC2M 6XP.

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FUND MANAGERS

IF YOU FEEL that your private clients would benefit from international single capacity rather than Chinese walls, you might be interested in vacancies we have found for Fund Managers.

We for our part, as a private client firm, would provide you with additional clients, the whole on a salaried basis.

Please reply to Box A.0388, Financial Times
10, Cannon Street, London EC4P 4BY.

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C. £27,500 + CAR

This Management Consultancy forms part of one of the world's largest firms of chartered accountants. It comprises nine skill and industry centres of expertise and enjoys a reputation for excellence. The Treasury Group will be an important contributor to the expansion of the consultancy which will double in size in 2 years, offering unusual opportunities for personal, technical and career development.

As a treasury consultant you will encounter a variety of technically challenging assignments ranging from strategic reviews to assessments of the newest instruments. Your adaptability and interpersonal skills will be tested as you are exposed to a diversity of environments, including multinationals, companies developing in-house treasury functions and banks.

Aged around 30, you should be a graduate with a track record which demonstrates your ability, including recent experience in a treasury department. Most important, you will have the energy and enthusiasm to integrate quickly into a talented forward-looking team.

Please reply in confidence, giving concise career, salary and personal details, quoting ref. L195, to Heather Male, Slade Consulting Group (UK) Limited, Metro House, 58 St. James's Street, London SW1A 1LD. Tel: 01-629 8070.

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With overseas sales in excess of £1 billion p.a., our client's international business interests play a major part in the Group's long term strategy.

Our client now seeks an Overseas Financing Executive to play a key role in the development, negotiation and implementation of financing plans to meet the requirements of over thirty overseas subsidiaries, as well as providing advice and guidance to operational management on a wide range of related issues.

This important Group Treasury role, requiring close contact with financial institutions, professional advisers and senior management, both in the UK and overseas, will provide considerable scope for personal initiative and responsibility, and the opportunity to travel.

Practical exposure to overseas financing is an essential attribute to fill this role. Also required are highly developed technical financial skills, a sharp logical mind and total professional integrity.

Please send your c.v. to John Graham, quoting reference OFE/RG, or telephone him for a confidential exchange of information.

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1a Rose Crescent, Cambridge CB2 3LL. Tel: 0223 311316.

Assistant Fund Manager

U.K. Equities

This is a genuine opportunity for someone in their mid twenties with at least three years market experience in U.K. equities to consolidate their career to date. The job immediately involves discretionary and active management of Unit Trusts and Linked Life Funds.

Cornhill is a composite Insurance Company with a growing Unit Trust and Life Assurance business. The investment team is compact and enjoys a good track record. Considerable potential exists for progression in both the management and the marketing aspects of the financial services industry.

Remuneration will be in the range of £215,000-£220,000 and will include basic salary, location allowance, subsidised mortgage (subject to eligibility), health insurance and other benefits associated with a leading insurance company. Applications, including full C.V. and current salary should be sent in confidence to: Mr N. Sill, Assistant Manager, Personnel, Cornhill Insurance Plc, 87 Ladymead, GUILDFORD, Surrey GU1 1DE.

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The Royal London Mutual is a major UK insurance group with total assets exceeding £2bn and eight unit trusts under management. The investment team's position as a most successful emerging unit trust group was recognised by Money Management after our performance in 1986. As a result of the continuing expansion of funds under management, a new position is being created within the team.

Applicants should be in their early to mid 20s and have at least an upper 2nd class honours degree in economics or mathematics. A keen interest in international affairs and good interpersonal skills are essential.

From the outset the successful applicant will be involved in research, stock selection and dealing, and will be expected to be able to fill a position of responsibility at an early stage, with potential for involvement in overseas markets. The remuneration package will be competitive including a performance-related bonus, and prospects for rapid career advancement are excellent.

If you are interested, please write enclosing cv to: M. J. Yardley, F.I.A., Deputy Investment Manager, The Royal London Mutual Insurance Society Limited, Mercury House, Triton Court, 14 Finsbury Square, LONDON EC2A 1DP.

INTERNATIONAL INVESTMENT MANAGEMENT

C. £35,000 + Benefits

Our client, a major financial institution in the City with £250 million invested in international markets, seeks an international investment manager.

Candidates should be in their mid 30s with a sound knowledge of international bond and equity markets. The position will involve taking over responsibility for the performance of international funds which will include strategy, asset allocation and co-ordination of three specialist Fund Managers. It is envisaged that this will appeal to an able individual wishing to play an important management role in an expanding team.

For an initial talk please contact Emma Weir who will treat enquiries with confidence. 20, Cousin Lane, London, EC4R 3TE. Telephone 236-7307.

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JAMES CAPEL & CO.

SALES EXECUTIVE/RESEARCH ANALYST FAR EAST DEPARTMENT

We wish to appoint a Sales Executive/Research Analyst for our Far East Department based at our London offices.

Applicants should have at least five years experience in stockbroking, fund management and/or corporate finance, together with an accountancy qualification, preferably to degree level. In addition, fluency in English, Cantonese and Mandarin is required, coupled with a good knowledge of Far Eastern economies, especially China and Hong Kong.

We offer a highly competitive salary together with bonuses, mortgage subsidy and private health cover.

If you wish to be considered for this post, please write in confidence to:

Mrs A. Fenn
Personnel Department
James Capel & Co
James Capel House,
P.O. Box 551,
6 Bevis Marks,
London, EC3A 7JQ.

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Fixed Income Fund Manager

Kleinwort Benson International Investment is the part of the Kleinwort Benson Group that is responsible for managing ERISA funds. As a result of expansion in this area, we are now looking to recruit an additional person to join a small team managing funds on behalf of our North American clients.

The successful applicant will manage a new fixed-income fund and should have a minimum of two years experience of fixed interest investments with an international emphasis.

We offer an attractive salary and benefit package that includes a subsidised mortgage, non-contributory pension and free life assurance.

Please write enclosing full personal and career details to:

Gareth Hughes, Assistant Manager—Personnel,
Kleinwort Benson Group, PO Box 191, 10 Fenchurch Street,
London, EC3M 3LB.

**Kleinwort Benson
International Investment**

SELLING EQUITIES TO EUROPE

This is a chance to broaden your experience in the securities business and gain access to an existing business base with which there is still great potential for development of equities sales.

You would be joining a European investment bank which most informed observers perceive as being the most likely to succeed in the international capital markets. It is one of the majors in the Eurobond market and is at the forefront of innovation, particularly in convertible issues combining bonds with equities.

Since the Bank is European it has an extensive network of institutional relationships and has the size and influence to ensure you a hearing when contacting prospective clients. You will be selling equities from all the major European bourses

as well as other international issues, thereby offering the institutional investor a comprehensive product range. The Bank has a first class research department covering European issues.

To be a candidate you must have experience in European Equities gained either in sales, fund management or research. It is not essential for you to have a client base, but if you do you will be able to continue to service it.

This is a first-rate house whose salaries, bonuses and other benefits are envisaged at the highest level.

To apply, please write with CV, to John Sears and Associates, Executive Recruitment Consultants, Cavendish Court, 11/15 Wigmore Street, London W1H 9LB, or telephone 01-629 3532.

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GIRA, with headquarters in Geneva, Switzerland and companies or offices in six other European countries, was founded in 1970. It is independently owned and managed by the founding partners. In the past seventeen years, it has developed a client base of more than 500 major companies and governmental agencies.

The main business is food related, covering the whole span from agricultural commodities, retail food and drink, food ingredients, catering/food service and distribution logistics. There are, in addition, important and growing activities in textiles/clothing and building materials.

We are seeking highly motivated researchers in the following fields:

FOOD AND CATERING: U.K. and West Germany

TEXTILES/CLOTHING: U.K. and West Germany

FOOD INGREDIENTS/FOOD TECHNOLOGY: West Europe

Candidates should be aged 25-35 and have an honours degree, preferably with relevance to the subject area, some prior research experience, willingness to travel and proven report writing ability. Fluency in English, and German (except for the UK food and catering posts), are essential.

We are also expanding our IN-HOUSE QUALITATIVE CONSUMER RESEARCH activities and have a vacancy for a psychologist consultant mainly for projects in the U.K. and West Germany. Candidates must have experience in conducting the non-directive individual interview and group sessions, in analysing and synthesising this raw material and report writing ability. An economics or marketing degree combined with one in psycho-sociology would be a major advantage.

Interested candidates should send their CVs showing full details including present salary to:

Personnel Director, GIRA S.A., 1239 Collex, Geneva, Switzerland

Appointments Wanted

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with extensive knowledge of international trade, broking, Continental markets, widely experienced, London based, fluent German, 45, seeks long-term opportunities with a large established firm with specialist company.

Write Box AD402, Financial Times
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Write Box AD402, Financial Times
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Seeks new UK based challenge, having helped develop and recently sold successful private company. Have experience in marketing and operations, foreign travel experience.

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Write Box AD403, Financial Times
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CORPORATE FINANCE OFFICERS

The Toronto-Dominion Bank is one of the longer established International Banks in the City. We have strong representation in the United Kingdom and other major world markets.

As part of our continuing management development programme, we are recruiting several University graduates with at least two years' international banking experience.

The successful candidates will be highly motivated individuals with the potential for accelerated development and progression. They will be assigned to one of our account management groups in London for training and development in Credit Analysis, Corporate Finance and Marketing. Following the completion of training and exposure to our corporate banking activities, challenging appointments will subsequently be provided in London.

Salaries will be based on the candidates' qualifications and experience and our benefits package is fully competitive with the financial sector.

Please write, including full details of your career to date, to: Mr. J. W. Green, Manager, Human Resources, The Toronto-Dominion Bank, Triton Court, 14/16 Finsbury Square, London EC2A 1DB.



INTERNATIONAL FUND MANAGER LONDON BASED

The London Life Association, an old established life office with total assets in excess of £1.3 billion, is looking for an assistant to the Manager of the International Funds within the group to work at our offices in Bishopsgate EC2. These funds total about £200 million and besides the main life fund include unitised funds and segregated pension funds.

The position involves working closely with the senior fund manager who has wide discretion, and the person will be expected to contribute to the decisions made on the overall structure of the portfolios both geographically and by industry groups. On a day to day basis there will be the responsibility for managing the Japanese and other Far Eastern portfolios with significant freedom of action.

The successful candidate is expected to have a degree or professional qualification, will probably be 24/30 years of age and have at least 2 years relevant experience. A competitive salary will be paid and other benefits include:

- Non-contributory Pension scheme
- Immediate mortgage subsidy
- Free lunches

Please write enclosing full C.V. to Joe Walnwright, Recruitment Manager, The London Life Association Ltd., 100 Temple Street, Bristol, BS1 6EA.



EQUITY DEALER

Experienced equities dealer sought by leading Investment Management Group. As part of a small and highly successful in-house team, this is an ideal opportunity for an ambitious dealer looking for early responsibility and independence. Aged mid-20s, the ideal candidate will have a minimum of 3 years equities experience of which 2 will have been in an active dealing role.

Salary £25,000-£30,000 + Bonus.
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The Vocational Training Council (VTC), a statutory body responsible for Government assisted manpower training in Hong Kong, will establish a Banking Training Centre of Hong Kong by the end of 1987. The main functions of the Centre include the development and implementation of work-based courses with narrowly defined objectives to cater for the short-term practical training needs of various categories of banking personnel. The Centre will have a Centre Manager, professional, administrative and supporting staff. Applications are now invited for the post of Centre Manager for the administration and operation of the Centre.

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Application

Application forms are obtainable personally or by post from the Hong Kong Government Office, 6 Grafton Street, London W1X 3LB. The completed application forms should be returned direct to the Executive Director, Vocational Training Council, 15 Harbour Road, Wan Chai, Hong Kong to reach him on or before 28 February 1987.

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SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Wednesday February 4 1987

HENRY BUTCHER
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Strength of D-Mark flattens Frankfurt

AFTER the party comes the hangover. West German shares are no longer among the top favourites of foreign investors, now that the dollar's slide has put a question mark over the country's exporting potential, at least in the short term.

For four years to last April, the West German stock market enjoyed surging share prices. More and more new companies came to the market — a record 24 last year alone — and even normally cautious German individuals dipped into their savings and bought stocks whose prices never seemed to come down.

Last week, though, was a very different story. On Wednesday, the market went into a sickening lurch which left it at its lowest level for 13 months. The culprit was the dollar, down sharply on that day to around DM 1.77 compared with DM 2.45 at the start of 1986. Prices, and the US currency, recovered on subsequent days, but few analysts see shares showing any sustained revival in coming weeks.

Investors have not suddenly become disenchanted with the German market, however. They actual-

Andrew Fisher looks at the West German bourse

PepsiCo profits lifted in quarter by acquisitions

BY RODERICK ORAM IN NEW YORK

PEPSICO, the world's second biggest soft drink company after Coca-Cola, has reported strong earnings growth thanks to acquisitions of restaurant and soft-drink companies and higher volumes in existing businesses.

Net earnings from continuing operations rose 11 per cent to \$118.5m, or 44 cents a share, in the fourth quarter ended December 31, from \$105m, or 39 cents, a year earlier when the loss from a discontinued operation made final net \$89.3m. Sales rose 35 per cent to \$3.12bn from \$2.31bn.

Soft-drink earnings advanced 22 per cent on a 32 per cent sales increase with domestic volume rising 7 per cent, or 1.5 times faster than the industry.

Pepsi's strong performance was underpinned by success of its Diet Pepsi and Slice drinks. International performance benefited from the acquisition of Seven-Up International.

Pepsi's 14,800 restaurants in three chains increased operating profits by 6 per cent on a 29 per cent rise in sales. Snack-food profits fell 13 per cent on a 6 per cent sales growth.

Foreign operations in total had a 22 per cent rise in sales but an 8 per cent decline in earnings. Pepsi forecast a rise in operating profits in the current quarter with help coming particularly from Frito-Lay, its snack-food business.

Mission Insurance faces liquidation

BY ANATOLE KALETSKY IN NEW YORK

ly started drifting away from the party last April, when the four-year bull market peaked with the Commerzbank index at just under 2,200.

Since then, shares were mostly idling until last week's gyrations. While they never fell much below the highest levels of 1986, they failed to match the sparkle shown by many other world markets. The index ended the year just 5 per cent higher after a 76 per cent ascent in 1985.

With the dollar crashing lower, foreign investors saw the opportunity last week to take profits. Not only were share prices much higher than when they had bought in during the market's climb of the past few years, there was also an appealing gain from the sharp appreciation of the D-Mark.

Actual selling was not large, but there was little buying to check it. Thus, the Commerzbank index lost 5.3 per cent on that day, and the drop of 58.3 points was the largest ever daily fall.

The index ended the week at 1,808.2, having pulled out of the slide which left it 15 per cent lower on Wednesday (at 1,741.1) than the end-1986 level. So what lies in store for the market?

Since the strength of the D-Mark will dampen profits on exports, selling by foreign investors is seen by many analysts as more likely to increase than tail off. "A rate of DM 1.70 is more probable than DM 2," one market observer at a leading German bank said. "There is no particular reason to expect much improvement in prices in the next few months."

Not that German exporters are expected to collapse under the weight of the D-Mark's strength. Exporting is the lifeblood of the German economy.

The export situation is certainly not disastrous," reckoned Mr Gütter Mecklenburg, a general manager of BHF Trust. "German companies will accept lower profits rather than lose market share." Companies such as AEG (electronics), MAN (engineering), BMW and Porsche (cars), and Puma (sports shoes) have complained of chills on the currency front.

Puma caused a market sensation two weeks ago when its shares slumped by DM 150 to DM 450 in one day after it announced US losses and write-offs. It had been hurt by the dollar's fall, but more damagingly had reacted too slowly to changes in the US market. As a once-glamorous new issue of 1986, Puma's upssets highlighted the speed with which exporters' fortunes can change.

With the market in its present state, the new issue trend is unlikely to be so lively in 1987. One problem of the German market is that trading is still concentrated in a few well-known shares. Half of Frankfurt's turnover is in only 10 shares. The newly quoted issues of the past few years account for only 5 per cent of turnover.

Investors will still have to stump up plenty of cash in the next few months. Aachener und Münchener, the insurance group, plans a DM 1.4bn rights issue, and the Government is selling a 25 per cent stake in the Veba energy group for DM 3bn. Deutsche Babcock, the engineering company, also intends to make a rights issue.

Thus German stock markets will be less resilient. And with prospects for export-oriented shares looking bleaker — Commerzbank's motor share index is down 27 per cent this year — attention has switched to less internationally known construction, stores and consumer stocks. It is hardly a recipe for excitement.

American Cyanamid set for sustained growth

BY OUR FINANCIAL STAFF

AMERICAN CYANAMID, the US pharmaceuticals and specialty chemicals group, boosted fourth-quarter profits from \$10.5m or 24 cents a share to \$32.1m or \$1.12.

However, last year's profits were depressed by after-tax provisions of \$21.2m or 59 cents a share.

Fourth-quarter sales rose 7 per cent to \$535m from \$500m a year earlier. For the full year, net earnings emerged at \$202.5m or \$4.36, up 57 per cent from the \$128.1m achieved in 1985. Revenues rose 8 per cent last year from \$3.5bn to \$3.8bn.

Mr George Sella, chairman, said he expected sustained growth in the future for the company.

Mr Sella attributed increased

earnings to major gains in operating profits at all four business groups. This, in turn, reflected "new product introductions, continuing cost-reduction programmes and increased volumes in overseas markets, as well as the favourable impact of the weaker US dollar."

The company's medical group lifted operating earnings by 26 per cent last year to \$154m, while profits in the agricultural group rose 88 per cent to \$34.1m.

On the chemicals side, where Cyanamid has been attempting to reduce its dependence on bulk chemicals, the company made operating earnings of \$50.5m, compared with a loss of \$1.1m in 1985. The Shulton consumer products division boosted profits by 26 per cent to \$32.1m.

It has been subject to takeover speculation for some time as it has continued to be squeezed, along with much of the US hospital industry, between the costs of over-enthusiastic expansion and the pressures of tightening reimbursement procedures by private health insurance providers and the state Medicare system.

The Pease bid, which offers \$28 in cash for each of AMI's 86.9m outstanding shares, follows a fierce re-trenchment by AMI's present management. In its last fiscal year, end-

ed August 1986, AMI reported a net loss — the first in its 25-year history — of \$57m, after special charges and asset write-downs of \$316m.

Most of the losses related to unsuccessful group health insurance programme, which were wound up last year, but bed occupancy in US hospitals has also been falling and the company announced a 60 per cent cut in its capital investment plans.

In the quarter to November, 1986, AMI made a profit of \$26.6m or 23 cents a share.

IBM to use powerful Inmos chip

BY ALAN CANE IN LONDON

IBM, the world's largest computer manufacturer, is incorporating a special silicon chip developed by Inmos, the troubled semiconductor subsidiary of Thorn EMI in a new range of powerful personal computers it intends to announce later this year.

The chip is a "colour look-up

Electrolux dips as lower \$ takes toll

By Sven Webb,
Stockholm Correspondent

ELECTROLUX of Sweden, the world's leading household appliances group, reported flat profits despite a 37 per cent increase in turnover in its preliminary 1986 results.

Soft-drink earnings advanced 22 per cent on a 32 per cent sales increase with domestic volume rising 7 per cent, or 1.5 times faster than the industry.

Pepsi's strong performance was underpinned by success of its Diet Pepsi and Slice drinks. International performance benefited from the White Consolidated Industries in the US (which has annual sales of about \$1.35bn), and of Zanussi, the Italian home appliances maker.

Electrolux recently acquired Gottard Nilsson, a metal recycling company with annual sales of SKr 1.2bn, through its Gränges subsidiary. Results from this company have been consolidated since October 1.

Group profits after financial items are expected to be the same as last year at SKr 2.57bn and were slightly below market expectations.

The dollar's fall has affected the group's results throughout the year, particularly in the final quarter when profits declined. Electrolux has both revenue and costs quoted in dollars and the group's North American operations are mainly based on locally manufactured components. This year, Electrolux expects about a third of its total sales to be in the US market.

Demand in the main markets was good, but price competition was strong, and Electrolux reported lower profit margins.

Mr Anders Scharp, chief executive, said the group had committed itself to restructuring programme as a result of the acquisitions, but that costs in this area had been about SKr 100m higher than expected.

Analysts believe that the positive effects of these measures may not be felt until 1988.

The board proposed increasing the dividend from SKr 7.5 to SKr 8.75.

French Post Office returns to black

By George Graham in Paris

FRANCE'S Post Office returned to profit last year for the first time in 20 years.

The post office made a small operating profit of FF 100m (Nfl 5.5m), compared with a loss of FF 42m in 1985. Mr Gerard Longuet, Minister of Posts and Telecommunications, said yesterday. Turnover rose 2.3 per cent.

For the first time, the French Treasury paid interest on the FF 113m of postal cheque-book accounts which the post office deposits with it. Last year the interest paid was only 0.6 per cent, but this year the remuneration will rise to 3 per cent.

The post office increased the total of its funds and deposits — including savings books and mutual funds as well as postal cheque accounts — by 5.5 per cent in 1986 to FF 463.3m.

Postal services' volume rose 3 per cent, with a total of 18.5bn letters and parcels handled.

CONCERN AT WEAKENING ECONOMY AFTER FLAT FIRST QUARTER

Siemens worried over outlook

BY ANDREW FISHER IN FRANKFURT

SIEMENS, the West German electrical and electronics group, reported flat first quarter earnings and expressed concern about the weakening state of the economy and the effect on sales of the dollar's sharp fall.

Net profits for the three months to December 31, 1986, totalled DM 296m (\$154m) against DM 295m in the same period of the previous year, with turnover unchanged at DM 10.8bn and new order inflow 6 per cent higher at DM 13.5bn.

The group blamed the disappointing figures on the lower dollar, tougher competition and increased restructuring costs.

Sales totalled SKr 51.55bn (\$8.25bn), compared with SKr 51.63bn last year, and were boosted by the acquisition of White Consolidated Industries in the US (which has annual sales of about \$1.35bn) and of Zanussi, the Italian home appliances maker.

Karlheinz Kaske, Siemens chairman ... no decision on CGCT



also likely to achieve management control.

Mr Kaske said that the overall economic outlook was "less friendly" than a year ago. Siemens' competitors had benefited from the effect of the strengthening D-Mark on the German group's competitiveness.

"We must try even harder to deal with this," he added.

Mr Kaske said Siemens could view the fall in the dollar more calmly than some other companies, however, because only 20 per cent of its US business consisted of imports from Germany. Its US subsidiaries already did 15 per cent of their business outside the US.

This year, the US subsidiaries' import level would drop to about 10 per cent of their total turnover, expected to be up from \$2.2bn to \$2.6bn. Exports from the US should exceed Siemens' imports into the country, he said. The group lost about \$100m in the US last year, mainly because of high start-up costs of new businesses.

If there were no further drastic

changes in currency rates, Siemens would see a further improvement in business this year, he said. However, there would be no dramatic growth rates in its major activities.

The group continued spending heavily last year, with a 48 per cent jump in investments to DM 8.1bn and a 13 per cent increase in research and development outlays to DM 5.4bn. Investments will be at a similar level in 1987.

Siemens said spending on its Megaproject, involving the development and manufacture of memory chips with one megabit and four megabit capacity, totalled about DM 650m and would rise sharply this year. It expects to be able to supply the market with large volumes of these chips from this summer.

Last year, Siemens lost about DM 200m in the computer components sector as a result of weaker demand and falling prices. In the whole group, capacity utilisation eased from 88 per cent to 84 per cent and is expected to ease further in 1987.

Lower metal prices push Inco back into the red

BY KENNETH MARSTON, MINING EDITOR, IN LONDON

INCO, the Canadian company which rates as the world's largest producer of nickel, has slipped back into the red in the final quarter as a result of lower metal prices. The loss for the period amounts to US\$6.5m against a profit of \$7.8m a year ago.

The result for the full year is a modest profit of \$10.2m against \$32.2m. After allowing for dividends on preferred shares, Inco comes out of 1986 with a net loss of \$16.6m, or 16 cents per share, compared with a 1985 profit of \$27.8m.

Charges for production shutdowns and severance costs last year rose to \$26m from \$16m in 1985, while foreign exchange movements resulted in a 1986 loss of \$2m against a gain of \$13m in the previous year.

Inco said gross profits from its shareholdings last year increased from DM 240m to DM 285m, with the energy sector accounting for 76 per cent, aluminium — it owns Veremite Aluminum-Werke — for 17

per cent, and chemicals for 7 per cent.

Turnover in 1986 was slightly down at DM 11.6bn against DM 12.2bn, with energy making up DM 5.5bn and chemicals DM 5.3bn. Currency changes depressed aluminium and chemicals sales in D-Mark terms, with the energy figure lower as a result of reduced gas prices.

Mr Werner Lamby, a director of the group, said proposed capital spending up to and including 1991 would be in the energy division, where it holds stakes in German utilities. A further 30 per cent would be spent on its aluminium activities.

Inco intends to finance most of the investment from its cash flow,

Viag to invest DM 4bn over next 5 years

BY OUR FRANKFURT STAFF

VIAG, the West German energy, aluminium, and chemicals group in which 40 per cent of the shares were privatised last June, plans to make capital investments of about DM 4bn (\$2.2bn) over the next five years.

Mr Werner Lamby, a director of the group, said group profit spending up to and including 1991 would be in the energy division, where it holds stakes in German utilities. A further 30 per cent would be spent on its aluminium activities.

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They all started with a discussion.

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INTL. COMP. and FINANCE

General Dynamics hit by \$420m Cessna charge

BY WILLIAM HALL IN NEW YORK

GENERAL DYNAMICS, the big US defence contractor which warned last month that it planned to take a \$420m write-off on its 1985 acquisition of Cessna Aircraft, lost \$32.1m or \$7.84 a share in the final quarter of 1986. This reduced its net income for the full year to \$52.5m or \$1.23 a share.

The company earned \$36.1m or \$8.53 a share in 1985. It said that, excluding the effects of the Cessna charge, the company earned \$35.8m or \$8.38 a share in 1985.

In the fourth quarter of 1986 it earned \$45.6m or \$1.01 a share from continuing operations, compared with \$22.2m or \$1.54 a share in the same period of 1985. The group's sales rose 12 per cent in 1986 to \$9.9bn.

Mr Stanley C Pace, General Dynamic's chief executive, said: "Op-

erating earnings at Cessna were above break-even during the fourth quarter, and significantly better than in each of the three previous quarters of 1986."

"While the seasonality of the industry contributed to this improvement, we also believe that the action taken during the quarter in response to the depressed conditions of this market will contribute favourably to 1987 results."

He said that the group's major defence business segments reflected a steady performance and the group's programmes remain at the heart of US strategic and tactical military planning into the next century.

Higher interest costs depressed fourth quarter net earnings at Lockheed, the US aerospace group, to \$110m or \$1.67 a share, against

Asarco returns to the black

BY OUR FINANCIAL STAFF

ASARCO, the US metal mining group, returned to the black in the fourth quarter, earning \$28.2m, or 77 cents a share, compared with a loss of \$24.9m, or \$1.08, last time.

This took the company into profits of \$9.1m for the full year, compared with a loss of \$62.2m, or \$2.87 a share, for 1985, although at the per-share level this time it lost 48 cents after paying preferred dividends of \$21.5m.

Revenues for the quarter fell to \$254.6m from \$306.9m, but for the year they were flat at \$1.1bn, compared with \$1.2bn.

Among the gains included in the latest figures given for the quarter and full year were \$14.9m and \$26.9m respectively from the liquidation of

excess metal stocks valued on a last-in first-out (LIFO) basis.

Asarco said the improvement is reflected higher earnings

and currency gains from associated companies, as well as the increasing impact of the group's cost reduction programme.

Earnings from its equity in associated companies, mainly in Australia and Peru, improved to \$17.4m in the quarter against a loss of \$14.4m last time. For the year, equity earnings were \$20.6m, against a loss of \$18.7m.

Effective changes in the prices of the group's major metals were not significant in the quarter.

At Phelps Dodge, the largest US copper producer, fourth-quarter net

earnings increased to \$10.8m, or 28 cents per share, compared with \$8.6m, or 12 cents, in the corresponding period last year.

For the year, the company's net income more than doubled to \$61.4m, or \$1.78, compared with \$29.5m, or 81 cents, in 1985.

Revenues were down slightly to \$845.9m from \$884.6m in the year, and from \$220.1m to \$208.2m in the quarter. All net figures included gains from tax loss carryforwards.

The company said that New York Commodity Exchange spot price for copper cathodes averaged 59.4 cents in the fourth quarter and 61.6 cents for the year, compared with 61.6 cents and 61 cents respectively, in the comparable 1985 periods.

Dome future in doubt over debt

BY BERNARD SIMON IN TORONTO

DOME Petroleum, the Canadian energy producer which is one of the world's biggest corporate debtors, has again seen its future thrown into doubt by the decision of a small Swiss creditor to begin legal proceedings for repayment of a SFr 50,000 (\$32,798) note.

A Dome official said that the action put the company in default on three issues of its Swiss franc debt. It also gives all other creditors the option to rescind waivers granted last year on the bulk of the compa-

ny's interest and principal payments. The situation has obviously deteriorated," the official said.

Dome owes about CS\$1.6bn (US\$4.55bn) to 54 international banks as well as to a number of associate companies and private investors.

The slump in oil and gas prices forced the company last year to ask for waivers on interest and principal payments while it negotiated a complex financial restructuring, involving the conversion of a sizeable

chunk of its debt into securities.

The official declined to give further details on the disgruntled creditor beyond identifying him as a Swiss. The note in question matured last October.

Dome has until February 23 to respond to the Swiss claim, which was lodged in the Zurich commercial court. However, the company has consistently taken a hard line towards recalcitrant creditors. The Dome official said: "I don't think we'll pay him."

Redemption Notice City of Oslo (Norway)

9% Sinking Fund External Loan Bonds due March 1, 1988

NOTICE IS HEREBY GIVEN, pursuant to the Fiscal Agency Agreement dated as of March 1, 1976 under which the above described Bonds were issued, that the City of Oslo has elected to redeem on March 1, 1987, through the operation of the Sinking Fund, all of the Bonds outstanding at the Sinking Fund redemption price of 100% of the principal amount thereof, together with accrued interest to the date fixed for redemption.

On March 1, 1987 there will become due and payable upon each Bond the said redemption price, together with interest accrued to the date fixed for redemption. Payment of the redemption price of the Bonds to be redeemed will be made in such coin or currency of the United States of America as at the time of payment legal tender for the payment therein of public and private debts, upon presentation and surrender of said Bonds, with all coupons appertaining thereto maturing after the date fixed for redemption, at the Municipal Processing Window, 5th Floor of Citibank, N.A., 111 Wall St., in the Borough of Manhattan, The City of New York and subject to applicable laws and regulations, at the main offices of Citibank, N.A. in Amsterdam, Brussels, Frankfurt/Main, London, Milan and Paris, and Kreiderbank, S.A. Luxembourg in Luxembourg. Payment at the offices of Citibank, N.A. in Europe referred to above will be made by check drawn upon a bank in New York City or by a transfer to a dollar account maintained by the payee with a bank in New York City.

On and after the date fixed for redemption interest on said Bonds will cease to accrue. Coupons due March 1, 1987 should be detached from the Bonds and presented for payment in the usual manner.

For the CITY OF OSLO (NORWAY)
CITIBANK, N.A.
as Fiscal Agent

January 21, 1987

NOTICE

Withholding of 20% of gross redemption proceeds of any payment made within the United States may be required by the Interest and Dividend Tax Compliance Act of 1983 unless the Fiscal Agent has the correct taxpayer identification number (social security or employer identification number) or Exemption Certificate of the payee. Please furnish a properly completed Form W-9 or Exemption Certificate or equivalent when presenting your Securities.

U.S. \$100,000,000 The Sumitomo Trust Finance (H.K.) Limited (Incorporated in Hong Kong)

12½% Guaranteed Notes Due 1992



NOTICE IS HEREBY GIVEN that pursuant to Condition 5(c) of the Notes, US \$1,000,000 principal amount of the Notes has been drawn for redemption on 9th March, 1987, at the redemption price of 101% of the principal amount, together with accrued interest to 9th March, 1987. The serial numbers of the Notes drawn for redemption are as follows:

| | | | | | | | | | | | | | | | | | | | |
|-----|------|------|------|------|------|------|------|------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 63 | 1154 | 1790 | 2840 | 3684 | 4898 | 5718 | 6843 | 8011 | 8999 | 10175 | 11106 | 12313 | 13360 | 14304 | 15096 | 16604 | 17286 | 17782 | 18880 |
| 332 | 1307 | 1970 | 2972 | 3699 | 5003 | 5794 | 6894 | 8091 | 9125 | 10186 | 11140 | 12443 | 13570 | 14345 | 15283 | 16658 | 17408 | 17824 | 19087 |
| 347 | 1310 | 2033 | 3025 | 3768 | 5166 | 5874 | 6997 | 8152 | 9188 | 10307 | 11155 | 12461 | 13679 | 14404 | 15308 | 16667 | 17428 | 17950 | 19137 |
| 365 | 1316 | 2036 | 3016 | 3972 | 6105 | 6915 | 7128 | X315 | 9236 | 10493 | 11530 | 12577 | 13727 | 14549 | 15581 | 16674 | 17570 | 18184 | 19206 |
| 425 | 1435 | 2143 | 3103 | 4044 | 5217 | 6206 | 7523 | 8404 | 9691 | 10561 | 11684 | 12709 | 13759 | 14650 | 15641 | 16845 | 17613 | 18189 | 19340 |
| 504 | 1480 | 2327 | 3152 | 4428 | 5274 | 6316 | 7759 | 8481 | 9721 | 10573 | 11810 | 12800 | 13860 | 14672 | 15681 | 16895 | 17628 | 18234 | 19526 |
| 514 | 1565 | 2336 | 3255 | 4454 | 5401 | 6440 | 7775 | 8586 | 9788 | 10692 | 11868 | 12859 | 14050 | 14991 | 15766 | 16913 | 17663 | 18257 | 19570 |
| 683 | 1598 | 2515 | 3356 | 4594 | 5620 | 6454 | 7845 | 8669 | 9805 | 10740 | 11913 | 13124 | 14116 | 15032 | 15849 | 17047 | 17726 | 18627 | 19627 |
| 698 | 1698 | 2518 | 3482 | 4668 | 5644 | 6634 | 7980 | 8713 | 9843 | 10829 | 12011 | 13185 | 14132 | 15045 | 16358 | 17138 | 17736 | 18638 | 19760 |
| 802 | 1769 | 2678 | 3665 | 4814 | 5694 | 6817 | 8000 | 8767 | 9906 | 10880 | 12041 | 13239 | 14387 | 15064 | 16475 | 17148 | 17768 | 18633 | 19763 |

On the 9th March, 1987, the said redemption price will become due and payable upon each Note to be redeemed, together with accrued interest from 20th February, 1987 to 9th March, 1987 amounting to US \$13.32 per US \$5,000 Note. On and after that date, interest on the said drawn Notes will cease to accrue. Payment of the Notes to be redeemed will be made on or after 9th March, 1987 upon presentation and surrender of the said Notes, with all coupons appertaining thereto, at the office of any of the Paying Agents mentioned thereon. After 9th March, 1987 US \$6,000,000 principal amount of Notes will remain outstanding.

The Chase Manhattan Bank, N.A., London,
Fiscal and Principal Paying Agent

4th February, 1987

BONDS WITH WARRANTS • EQUITY WARRANTS • DEBT WARRANTS • FALCONS • INTRODUCTION TO FALCONS

DUTCH STOCK EXCHANGE

OF DUTCH AND FOREIGN COMPANIES

• FINANCIAL ADVISERS IN JOINT VENTURES

• FINANCIAL ADVISERS IN BID SITUATIONS

EUROBONDS

INTERNATIONAL

•

INTERBONDS

INTERNATIONAL CAPITAL MARKETS and COMPANIES

A new over-the-counter market erupts in Japan. Yoko Shibata reports

Euroyen phenomenon sweeps Tokyo

A LARGE over-the-counter secondary market in Euroyen bonds has suddenly developed in Tokyo. The total value of transactions by the big four Japanese brokerage houses jumped fourfold in December to ¥22.8bn (\$4.1bn) from the previous month. That figure was 2.1 times larger than over-the-counter transactions of Samurai bonds (yen-denominated foreign bonds) issued in Japan.

"Brisk transactions of Euroyen bonds have been a phenomenon here since last October," according to a dealer from Nomura Securities.

Leading Japanese banks have also got into the act in a rare attempt to breach the legal wall separating the securities and banking industries in Japan. Those with investment bank subsidiaries in London have long been active in the Euromarkets, both as underwriters and traders. Also it is an open secret that the London branches have set up informal representative offices in Tokyo in recent months. One such office is even staffed with a British secretary to preserve appearances.

Until recently, Euroyen bonds were of interest mainly to European and US investors, and so tended to be traded almost entirely in London. But Japanese institutions, investors, who are suffering from falling yields on domestic bonds, have begun to take the view that Euroyen bonds are relatively undervalued.

Japanese non-life insurance

companies are particularly attracted to Euroyen bonds. The rules for their new high-yield insurance schemes launched last November prevent them from investing in equities, so they appreciate the

ments in US government bonds between September 1985 and the summer of 1986.

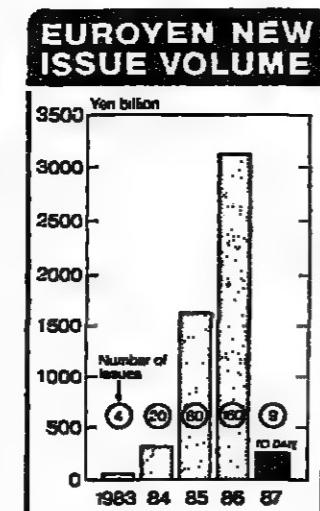
An investment trust management company executive said: "We have just bought ¥1.5bn worth of Euroyen bonds this month because the bonds guarantee a high yield and no foreign exchange risks."

Large life buyers, such as life insurance companies or trust funds, usually place their Euroyen bond buying orders directly into the London market. But smaller institutional buyers, such as non-life insurance companies, investment trusts, regional banks and local credit associations, are now tending to buy them in Tokyo, according to the Nomura dealer.

Nomura said its transactions last December amounted to ¥275.8bn, 2.5 times a large as the monthly average of the previous five months.

Japanese investors' favourite Euroyen bonds are those with five years remaining before maturity, issued by triple A borrowers such as the World Bank, Canada or Australia. Recently, however, investors hungry for high yielding instruments have also been buying issues with 10 years remaining to maturity and issued by single A private sector borrowers, the Nomura dealer said.

The big Japanese brokerage houses have been building up their Euroyen sales departments in the OTC market shows no signs of abating. Vickers de Costa is among the foreign securities houses active in



0.3 to 0.4 per cent higher yield than they can obtain on them compared with domestic bonds.

Euroyen bonds also have the considerable merit these days for a yen investor of being free from the risk of foreign exchange losses. According to a leading Tokyo banker, Japanese life insurance companies lost (on paper) an aggregate ¥4,000bn on invest-

ments in US government bonds between September 1985 and the summer of 1986.

One worrying factor is the lack of paper to satisfy the suddenly increased demand.

Non-resident borrowers have been staying away from the Euroyen new issue market because of the unfavourable conditions for currency swapping caused by the yen's steep appreciation.

Few non-Japanese borrowers need yen funds, and much of the primary market's strength has arisen from the opportunities it offers them to swap low-coupon Euroyen bonds for debt denominated in other currencies.

Securities companies' dealing departments are now urging their underwriting staffs to arrange more new Euroyen issues. In the past, Euroyen underwriting departments tended to have a low profile in the brokerage houses' business because the scramble to obtain ranking pared underwriting fees to the bone.

Underwriters are currently trying to interest Japan's big steel companies, such as Nippon Steel and Kawasaki Steel, in buying Euroyen bond issues this spring.

Another problem is Japan's 30-day rule, which prohibits early transfer of Euroyen bonds into the domestic market until 90 days after the issue date. Dealers say this rule holds back liquidity in the secondary market, and the securities industry is considering asking the Ministry of Finance either to repeal the rule or to shorten the delaying period.

Two equity warrant issues by Japanese

By Clare Pearson

THE EUROBOND market traded quietly yesterday ahead of the first of this week's US Treasury auctions. Dealers were waiting to see how much foreign demand the auction would provoke, in view of the weakening of the dollar over the last few weeks.

New issuing activity was low, although two equity warrants issues surfaced for Japanese companies. Like three issues earlier this week, these bonds repeat the benefits of the recent strong gains on the Tokyo stock market.

Both deals were both led by Nomura International and both have five-year lives and indicated 3% per cent coupons. They are a \$50m issue for Tokyo Stock Chain, the super-

store company, and a \$35m issue for Kyotaro, a sushi restaurant chain.

These traded at premiums to their par issue prices. Meanwhile a recent deal for Nomura was increased by \$20m to \$100m, and its coupon cut by 1/2 to 3% per cent.

The Euroyen sector continued firm, with prices gaining by about 1/2 percentage point yesterday. Nomura and Nippon Credit International, as co-lead managers, jointly launched a \$20m bond for Electricité de France that met strong demand.

Nomura said demand had come not only from the Far East but also from Europe. Aside from the attractions of EdF's name, Continental investors may be increasingly interested in Euroyen bonds at the moment as the D-Mark has strengthened against the yen.

Dealers said the terms of EdF's seven-year bond—a 5% per cent coupon and 101/2 issue price—were generous, and the deal traded well within its 1/2 per cent fees.

Morgan Guaranty followed up a crop of currency warrants launched last week, based on the D-Mark-dollar exchange rate, with an issue of 200,000 warrants to buy \$200 at an exchange rate of DM 2.74 to the pound. The issue was for DG Bank.

In the D-Mark market, the Bundesbank replaced a 28-day DM 10.5bn repurchase agreement with a DM 16bn new repurchase agreement, boosting liquidity in the domestic market. Some of the positive tone spilled over into the Euro-D-Mark sector where prices ended the day about a 1/2 point firmer.

Deutsche Bank led a DM 100m six-year bond for Bank of Tokyo. The 5 1/2 per cent issue, priced at 100, met a fine reception and traded at a bid price of 100.

Dealers said the bond's six-year maturity was attractive, and the bank is well known in Europe.

In Switzerland, the market started off quietly but livened up later, although prices were unchanged on the day. Late in the day the big banks announced they were cutting three-to-eight month customer time deposits by 1/2 per cent to 3 per cent.

Hokkaido Electric Power's Str 150m bond ended its second day's trading at 98—the same price as on its first day's trading though 1/4 points below its issue price.

Swiss Volksbank led a Str 150m five-year note for Aoki, the Japanese construction company which also operates hotels abroad. The 4% per cent deal was priced at 100.

Credit Suisse led a Str 50m two-tranche issue for Stewag, the Austrian power utility. The first Str 25m five-year tranche is priced at par with a 4 1/2 per cent coupon. The second tranche, which matures in six years, is priced at 100; with a 4 1/2 per cent coupon.

Hollandseil launched a Str 20m five-year note with equity warrants for Irimatsu Department Store of Japan. The indicated coupon is 8%; per cent.

Algemene Bank Nederland led a F1 300m 10-year 6 1/2 per cent domestic bond for the World Bank, priced at 99. Meanwhile, Amsterdam-Rotterdam Bank led a F1 200m issue in the Eurodollar market for itself. The 6 per cent five-year issue was priced at par.

In Luxembourg, Kemira Oy, the Finnish government-owned chemicals company, issued a LuxFr200m five-year 7 1/2 per cent private placement. It is priced at 100.

The French franc Eurobond committee has agreed a February issuing calendar comprising two issues. One of them is expected to be for Bank of Tokyo, which would be the first foreign bank to enter the Euro-French franc market. The other is expected to be for a French state-guaranteed borrower. Both are expected to be floating-rate notes.

There was speculation that there would be an additional issue for another foreign bank, which will probably be Japanese.

Milan row over on-screen trading

By ALAN FRIEDMAN IN MILAN

A "SUMMIT" meeting in Milan yesterday of leading stockbrokers, the chairman of Consob (the stock market regulatory authority) and senior bankers failed to halt a row over computerised trading. The controversy has been raging for the past week since Banca Nazionale del Lavoro (BNL), Italy's biggest bank, began an experimental programme of computerised share trading at its branches.

Yet if nothing else, BNL has forced a debate on which regulations should govern share trading activities on the Italian stock market and which types of institutions can be players.

On the one hand the big banks already account for much of the volume; around half the trading takes place away from the bourse or in the after-hours telephone market.

On the other hand the stockbrokers—unlike London or Wall Street firms—tend to be small concerns which merely execute institutional investment orders, often for the banks. Thus the direct involvement of banks in market-making would threaten to depose brokers of commission income.

The Consob is now expected to examine the situation, though no immediate resolution is likely.

Mr Nevio Nesi, BNL chairman, said last night that his board would decide today whether to carry on with its trading experiment or not. The indications were that BNL will maintain its experiment.

Mr Ezio Funigalli, chairman of the stockbrokers' executive committee and a representative of the old guard of the Milan broking community, has been especially critical of the BNL move, which has been suspended temporarily.

Rates fall on 10-year Italian T-bonds

By John Wyles in Rome

INTEREST RATES on a new issue of 10-year Italian Treasury bonds have fallen for the first time since last October. The authorities yesterday priced a mid-February issue to yield 10.55 per cent, 25 basis points lower than the previous sale.

The price was interpreted in the money markets as a confirmation of widespread expectations of a cut in the official discount rate, possibly at the end of the month. This has been left unchanged at 12 per cent since last May while the annual rate of inflation has fallen by between 2 and 3 percentage points.

The new L3,000bn (\$2.33bn) issue will be sold on February 18 as the Treasury's normal mid-month funding. The yield will be 10.05 per cent net of the 12.55 per cent withholding tax introduced by the Government last October.

In pricing the new issue, the Treasury has undoubtedly been encouraged by its experience last week of one of the largest oversubscriptions for a bond sale in living memory. A L3,000bn offer drew L21,500bn in requests, partially reflecting pent-up demand caused by the cancellation of the mid-January sale.

Possibly the only obstacle in the way of a discount rate cut is the growth of bank lending to the private sector. In December this was at an annual rate of 12 per cent as against the Bank of Italy's 9 per cent target.

This credit bonm has perplexed the authorities.

The Treasury has meanwhile confirmed that its total borrowing requirement last year was L1.09,561bn, 2.8 per cent lower than in 1985 and inside the L10,000bn target. The government is planning to hold its borrowing needs this year to L10,000bn.

Small Paribas investors' allotments may be 50%

INDIVIDUAL investors who applied for 10 shares in Cie Financiere de Paribas are likely to receive only about five because of overwhelming demand, Mr Michel Francios Poncet, Paribas president, said yesterday. AD-DJ reports.

In a radio interview from Tokyo, where he is on a business trip, Mr Poncet said all the orders were still being counted.

Demand for the Paribas shares in the privatisation

offering exceeded all expectations, with orders received from some 3m investors.

The massive demand forced

the French Government to scale

down its allocations to small

investors, even though 10 per

cent of a 8.8m share offering

to foreign investors is being

diverted to help satisfy

domestic demand.

A total of 14.7m shares were

offered on the market, repre-

senting 32 per cent of the

holding company's equity.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on February 3

| US DOLLAR STRAIGHTS | Issue | Ind | Mid | Offer | Change on day | Wk | Yield |
|-------------------------|-------|--------|--------|--------|---------------|-------|-------|
| AG Exportfin 75/93 | 200 | 100 | 99.75 | 99.75 | +0.00 | 10.50 | |
| Aeroflot Fin 74/93 | 200 | 120 | 120 | 120 | +0.00 | 10.75 | |
| Aeroflot Locat 71/91 | 200 | 90 | 90 | 90 | +0.00 | 12.15 | |
| Fin Finance 24/99 AS | 50 | 99.50 | 99.50 | 99.50 | +0.00 | 14.00 | |
| London, Rhine, 13/99 AS | 60 | 99.75 | 99.75 | 99.75 | +0.00 | 14.50 | |
| Monte-Carlo 14/99 AS | 75 | 100.00 | 100.00 | 100.00 | +0.00 | 14.75 | |
| Monte-Carlo 15/99 AS | 75 | 100.00 | 100.00 | 100.00 | +0.00 | 14.75 | |
| Canadian Pac. 10/91 CS | 75 | 101.00 | 101.00 | 101.00 | +0.00 | 10.00 | |
| EdF 75/93 | 200 | 99.50 | 99.50 | 99.50 | +0.00 | 10.50 | |
| EdF 75/93 B | 200 | 99.50 | 99.50 | 99.50 | +0.00 | 10.50 | |
| EdF 75/93 C | 200 | 99.50 | 99.50 | 99.50 | +0.00 | 10.50 | |
| EdF 75/93 D | 200 | 99.50 | 99.50 | 99.50 | +0.00 | 10.50 | |
| EdF 75/93 E | 200 | 99.50 | 99.50 | 99.50 | +0.00 | 10.50 | |
| EdF 75/93 F | 200 | 99.50 | 99.50 | 99.50 | +0.00 | 10.50 | |
| EdF 75/93 G | 200 | 99.50 | 99.50 | 99.50 | +0.00 | 10.50 | |
| EdF 75/93 H | 200 | 99.50 | 99.50 | 99.50 | +0.00 | 10.50 | |
| EdF 75/93 I | 200 | 99.50 | 99.50 | 99.50 | +0.00 | 10.50 | |
| EdF 75/93 J | 2 | | | | | | |

INTL. COMPANIES and FINANCE

MIM may delay PNG gold flotation

BY STEPHEN WAGSTYL, RECENTLY IN PORT MORESBY

MIM HOLDINGS, the Australian mining group, could delay the planned A\$400m (US\$284.6m) flotation of Highlands Gold, its Papua New Guinea exploration interests, because of growing political tension over the issue in the capital, Port Moresby.

The coalition government is divided over whether the float, originally planned for next month, should be postponed until after the general election scheduled to be held in November and July. Mr Paine Wingti, the Prime Minister, is understood to want a delay. But he is supposed by Sir Julius Chan, the deputy Prime Minister, and by Mr Paul Torato, Minister for Forests, who this week criticised Sir Wingti, saying that a delay would be "a very bad precedent" and "detrimental to the future of the country."

The argument has been inflamed by the fact that Sir Julius has hinted that his

People's Progress Party might abandon Mr Wingti's People's Democratic Movement in favour of a post-election alliance with the opposition Pangu party led by Mr Michael Somare, the former Prime Minister.

The flotation was due to be today at a Cabinet meeting.

MIM, which was pressing ahead with the issue in order to take advantage of a soaring market in Australian gold shares, is certain to defer to the Papua New Guineans' wishes. Mr Norman Colclough-Fussell, an executive director, said this week: "If the climate is right we will do it. We would like to go when the market is hot. But if it's delayed it's not the end of the world."

MIM intends to offer 40 per cent of Highlands Gold for sale, retaining the rest and management control for itself. The gold company's main asset is a

one-third stake in Porgera, a deposit containing 387 tonnes of gold in the remote Highlands of Papua New Guinea. The other equal partners in what has been hailed as the most important gold discovery since World War Two, are Placer Ronson Goldfields.

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BHP helps Bell Resources to double profits

BY OUR FINANCIAL STAFF

BELL RESOURCES, Mr Robert Holmes à Court's energy investment vehicle, more than doubled net profits last year to reach A\$231.35m (US\$153.1m), compared with A\$104.22m for 1985.

The rise largely reflected the adoption of equity accounting, which was credited for A\$5.5m of the earnings gain. The centrepiece of this was its 29 per cent stake in Broken Hill Proprietary (BHP), Australia's biggest company, the board of which Mr Holmes à Court joined during the period.

BHP contributed A\$1.53m to recorded in the interest bill.

Bell Resources revenue, lifting it tenfold to A\$1.71bn from A\$165.73m. Other income was also up at A\$828.27m against A\$643.67m.

Net earnings on a per-share basis, however, showed a far more muted advance to 85 cents from 71 cents. This was a result of a trebling in the number of Bell Resources shares in issue and the payment of preference dividends. The annual payout to ordinary shareholders was among the least maintained at 15 cents.

A rise of nearly 34 times was recorded in the interest bill,

● Santos, the Australian oil and gas producer, is to raise A\$72m through a one-for-10 rights issue. The shares are to be priced at A\$3, against a closing market level in Sydney yesterday of A\$4.22. The call for funds follows its acquisition of Vangas, a fellow participant in the Cooper Basin project.

Mr Tony Grey, chairman of Pancontinental Petroleum, including Edithburgh, added: "Pancontinental Mining has sold its 55.4 per cent holding in Pancontinental Petroleum to Chatterhall Australia in a A\$10m deal which values Petroleum at around 30 cents. See Lex

Pancontinental's holding in Petroleum was raised from 47.8 per cent following a share bid last October. Petroleum holders who accepted the bid will now receive a cash payment so that Pancontinental will not make a profit from the on-sale of those shares.

Mr Tony Grey, chairman of

the group's 39 per cent-owned Canadian affiliate, Pancontinental Oil, would contribute much more significantly to group profitability in the short and medium term than Pancontinental Petroleum. See Lex

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UK COMPANY NEWS

David Lascelles on the proposed amendment to the Banking Bill More power to fend off predators

THE TREASURY'S proposed amendment to the Banking Bill yesterday is a clear and direct response to the growing number of predatory stakes that are being bought in UK banking groups, particularly merchant banks.

By requiring anyone who buys more than 5 per cent of a UK bank to notify the Bank of England, the amendment will bring share buying under the Bank's direct surveillance. The new clause will not give the Bank any powers to halt the investor at this stage (who would anyway have to disclose a 5 per cent interest in a UK publicly quoted company).

But the amendment will give the Bank statutory authority to obtain information about the buyer. The Bank would thus have more time to size up a new investor, and fire some warning shots across his bows if it does not like him.

The amendment will be criti-

In addition, the amendment will grant the Bank specific powers to deal with stakes of 15 per cent or more in a bank—a level deemed to be a controlling interest. At the moment, these stakes only have to be notified. Under the new Act, they will require the Bank's prior approval. But the Bill was never clear about the Bank's powers where undesirable stakes had been built up before the Act came into force. A danger existed that predators would rush to build up large stakes to beat the Act, leaving the Bank powerless to control them.

Under the amendment, the Bank will have retrospective powers over these sorts of stakes—it will be able to freeze the voting rights and order divestment—all in addition to its ultimate power to revoke the bank's licence altogether.

The amendment will be criti-

cised by some as a further example of the privileged status enjoyed by banks over other types of publicly quoted companies. And in the case of merchant banks this is particularly ironic since they are masters of the art of predatory acquisitions.

But it will be widely welcomed in the City where there have now been three examples of merchant banks being stalked by unwelcome investors. Last year, Brown Shipley, the small accepting house, fled the unsought attentions of the Henry Aschener merchant bank by teaming up with a friendly Luxembourg bank. Later, Mercury International Group, the parent of the S. G. Warburg merchant bank had to shake off Mr Saul Steinberg, the US corporate raider who had said he wanted 15 per cent. Most recently, Hill Samuel is trying to fend off Mr Larry Adler, the

Australian financier, who has 14.9 per cent.

All these banks have said they do not want large shareholders because they interfere with management and frighten off clients. The intentions of these predators may also be suspect: certainly Mr Steinberg and Mr Adler do not have a reputation as long-term investors.

And the Hill Samuel case is bound not to be the last. UK merchant banks have been seen as attractive stocks for some time. Their volatility provides opportunities for short-term gains, but in the longer run they are seen as likely takeover targets for both UK clearing banks and foreign banks seeking a bigger foothold in the City.

Whether the amendment will be enough to restrain predators remains to be seen, though. Some City people believe that



Mr Saul Steinberg,
US corporate raider.

the Companies Act also needs to be tightened up to prevent buyers hiding behind chains of nominee companies. One merchant banking executive said yesterday: "If you are determined you can drive a coach and horses through the Companies Act."

Nick Bunker profiles Australian financier Larry Adler

Taking a toe-treading route to the top

from the British merchant bank a blunt, determined statement of resolve.

So far Mr Adler himself, who is in London until Friday morning, has not replied formally to Hill Samuel's letter ruling out any vote for him.

His 27-year-old son Rodney, the investment manager of Mr Adler's company FAI Insurances, was quoted in Sydney yesterday saying that Hill Samuel "obviously felt under pressure".

It is hardly the first company to feel uneasy at the aggressive touch of Mr Adler. This style has been to use insurance-generated funds as a source of cash for freewheeling investments.

In 1986 alone he bought three big stakes in operations well outside his home in insurance: a 6 per cent interest in a permit to explore the Harriet oil field; a 17.65 per cent stake in Pioneer Concrete; and a 9.77 per cent stake in Advance Bank.

Over Pioneer—for which he has made a full bid—Mr Adler is still involved in litigation. Last summer, he served a summons on Pioneer following its placement of 40m shares with what were believed to be

"friendly" parties. The case is continuing.

Mr Adler accepts that his career has attracted mixed comment in Australia—where the authorities, but feels it should not detract from his achievements.

Several years ago, he was given leave to appeal to the Privy Council in London after the Workers' Compensation Commission of New South Wales withdrew in 1980 his licence to do workers' compensation business there.

FAI began life in the late 1960s as Fire and All Risks Insurance, a company formed by Mr Adler to handle insurance for customers of three car showrooms which he owned.

Now, it has an estimated 3 per cent share of the admittedly fragmented Australian non-life insurance market.

For many years, compulsory third-party motor insurance was FAI's backbone. It still holds a monopoly of that class of private insurance business in the state of Queensland.

Significantly, a large volume of its business was written on a direct basis, on the basis of media advertising.

One result of that has been low management costs, the basis of FAI's ability to maintain even results through the ups

and downs of Australia's insurance underwriting cycle.

In his insurance business Mr Adler has also had a brush with the authorities, but feels it should not detract from his achievements.

Rodney said turnover had risen by 6 per cent between the last quarter and the immediately preceding one, while operating losses decreased by 36 per cent.

"This improvement is attributable to rising sales of new products, together with increased revenues from a broad range of the company's established products. We expect this trend to continue."

Turnover fell from £17.76m in £15.75m and operating profits of £692,000 turned into an operating loss of £1.34m.

Rodney's shares closed unchanged at 350p. They are traded only thinly on the London stock market; most dealings are in the form of American Depository Receipts.

Australian attention on Mr Adler has also focused on his sometimes forthright opinions. He has for instance condemned "Club 2000"—assuming he says, that it exists.

Club 2000 is said to be a Melbourne-based secret alliance of major Australian companies whose aim is to frustrate take-over bids against its members.

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22%

Cowan de Groot expansion moves

BY JANICE WARMAN

Cowan de Groot, the toy importer which has been undergoing a substantial change of direction, yesterday announced an agreed £3.8m bid for International Computer Training, and revealed it had built up a 5.97 per cent stake in Lopex, the communications group.

Mr Philip Birch, board member of Cowan's new policy of diversification, said the company had not seriously focused on a bid for Lopex, as its entry was concentrated on other deals.

But he confirmed that advertising, public relations and the media were areas in which the group was interested. The intention was to build Cowan into a broadly-spread services and communications group with three main divisions: educational training, advertising, PR and promotion, and financial services.

Mr John Castle, Lopex chairman, said he was not concerned at the prospect of a bid from Cowan despite the company's acquisitive mood.

Bestwood chief seeks seat on Buckley's Brewery board

BY JANICE WARMAN

Buckley's Brewery is to hold an extraordinary general meeting on February 27 to consider the request by Mr Tony Cole, chairman of Bestwood Group, the financial and property services group, for a seat on the board.

Bestwood, whose 27.6 per cent stake in the Llanelli-based brewer is exceeded only by Whitbread's 27.7 per cent holding, is also seeking the removal from the board of Mr Jasper Clutterbuck, Whitbread's nominee.

The board of Buckley's is recommending shareholders to vote against the resolutions, maintaining that Bestwood's London-based operations had little to do with brewing and selling beer in Wales.

Demerger Two questions decline at L & N subsidiary

BY CLAY HARRIS

Demerger Two, bidding for London and Northern Group, has questioned how the construction, healthcare and energy company would avoid a further decline in profits arising from problems in its IUME subsidiary.

L&N needed to act swiftly to spell out what provisions it planned to make as a result of the termination of a management contract at the Al-Qassim hospital in Sharjah. Demerger Two in its latest circular to L&N shareholders.

DIVIDENDS ANNOUNCED

| | Current payment | Corresponding last year | Total div | Total last year |
|--|-----------------|-------------------------|-----------|-----------------|
| Anglo United 2nd int | 1 | Apr 21 | — | — |
| M. Y. Davies | int 1.78 | Mar 27 | 1.76 | 5.3 |
| PSIT | int 1.25 | Apr 3 | 1 | 2.5 |
| Howard Shuttering | 0.8 | — | 0.7 | 1.4 |
| United | int 2.63 | Apr 1 | 2.24 | 6.5 |
| Dividends shown per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡USM stock. §Unquoted stock. ¶Period covers 17 months to March 1987. | | | | |

PSIT Property Security Investment Trust p.l.c.

Interim Report

- Increase in profit and dividend.
- Directors anticipate a final dividend of 1.75p (1986 1.5p) per share making a total of 3.0p (1986 2.5p) per share for the year.

| 6 months to | 30.9.86 | 30.9.85 |
|--|---------|---------|
| Unaudited figures | £000's | £000's |
| Rents from investment properties | 4,181 | 3,622 |
| Profit before tax, dealing and extraordinary items | 2,117 | 1,832 |
| Property and share dealing loss | 272 | 202 |
| Dividend: preference ordinary | 40 | 40 |
| Per ordinary share | 1.25p | 1.0p |
| Earnings per share | 2.7p | 2.4p |

A copy of the group's 25th anniversary brochure can be obtained from G.H. Caines, Fletchers Park House, Lower Road, Fletchers, Leatherhead, Surrey KT22 9HD.



The Australian Industry Development Corporation
(A statutory corporation, wholly owned and guaranteed by the Commonwealth of Australia)

U.S. \$100,000,000

1 1/4 PER CENT. NOTES DUE 1990

NOTICE IS HEREBY GIVEN that, pursuant to Condition 6(b) of the Notes, the Corporation will redeem on March 2, 1987 US\$4,000,000 principal amount of the said Notes. A further notice specifying the serial numbers of the Notes called for redemption will be published. Currently outstanding US\$6,000,000.

February 4, 1987
By Citibank, N.A. (CSF Dept.)
London Fiscal Agent

CITIBANK

UK COMPANY NEWS

Hawker continues to build up in US

By David Thomas

Hawker Siddeley, the electrical and mechanical engineering group, has made a cash offer worth \$30.8m (£20m) for Clarostat Manufacturing, a US company based in Dover, New Hampshire.

Clarostat, with annual sales of over \$25m, makes electrical components for a range of markets mainly in the US, including instrumentation, computers, telecommunications, aerospace, and motors.

On Monday, Cowan reported interim pre-tax profits up 13 per cent to £21.25m for the six months to October 31 1986, but anticipated lower second half profits.

Mr Derrett Cowan, chairman of Cowan's, said "ICT's experience and established position in computer training will fit closely with and complement CFTL's position in accountancy training."

Cowan is offering seven new shares or 386p cash for every six ICT shares. With Cowan shares unchanged at 85p, the shares offer is worth 75.8p per share.

Lopex shares closed a penny up at 151p.

Bestwood chief seeks seat on Buckley's Brewery board

BY JANICE WARMAN

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Both sides are confident of victory. Mr Colin Thomas, managing director of Buckley's, said the affair was a distraction and that the board wished to see it resolved as soon as possible.

Mr Cole said: "I am appealing to the small shareholder to vote for me—and judging by this company's track record, they will. I think I would bring some expertise to the board, to bring the company's potential to fruition."

The board of Buckley's is recommending shareholders to vote against the resolutions, maintaining that Bestwood's London-based operations had little to do with brewing and selling beer in Wales.

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Investing in Success continues to reject Australian bidder

By David Thomas

"Investing in Success" Equities yesterday continued to advise shareholders not to accept a revised takeover offer from Panfida Capital which now values the investment trust at \$64.1m.

Panfida, a Sydney-based investment vehicle, has raised its interest in IIS to 39.3 per cent with market purchases on Monday which obliged it to raise the minimum cash value of its bid to \$70p. Panfida is offering 97 per cent of the trust's formula net asset value, which IIS estimated yesterday at £10.22.

The increased stake held by Panfida and its concert party puts the future of IIS in the hands of two institutions which so far have held on to their shares. London and Manchester Group owns 10 per cent of IIS and Oppenheimer Technical Investment Fund has 8 per cent.

Most institutions have already sold their shares but few private shareholders have accepted, according to Mr Roger Noddings, IIS director and investment manager, said yesterday.

The IIS board continued to consider the offer inadequate, but there was no need for shareholders to make an immediate decision.

"Shareholders now have a free ride for a week to see what the markets will do," he said. "If markets collapse, the \$70p is no longer 97 per cent" and thus might look more attractive.

If the Panfida bid lapses, the board proposes to convert IIS into a unit trust, which would preserve 99 per cent of net asset value and not expose private shareholders to capital gains tax, Mr Noddings said.

Panfida, which speaks for sufficient shares to block the plan, has signalled its opposition, but IIS suggests that the concert party might splinter if faced with a stalemate.

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Anglo United picks up in second half

By David Thomas

Anglo United, the opencast mining company in which substantial return to strength Hillsdown Holdings acquired a 29.3 per cent interest in December, made a strong recovery in the second six months and said yesterday that it looked to the future with confidence.

Having fallen by 55 per cent in the six months' stage, profits reached £2.68m (£1.75m) during the second half and lifted the total for the 12 months to October 1986 to £3.36m pre-tax, a slight improvement over the previous year's £3.25m.

The directors regarded the results for the 12 months as very satisfactory in difficult circumstances. With the company's year-end move to March, the present accounting period covered 17 months.

Turnover for the year totalled £15.86m down from £17.28m. The company accounted for £1.47m (£1.41m) and left net profits virtually unchanged at £1.9m (£1.83m).

D. Y. Davies

D. Y. Davies, the architects firm which joined the USM last June, yesterday announced a 28 per cent rise in pre-tax profits to £400,000 for the six months to end-October 1986, against a previous £349,000. The comparative figures include the results of D. Y. Davies Associates.

As anticipated in the prospectus, an interim dividend of 1p net will be paid. Earnings per share moved ahead from 4.2p to 5.3p.

Sharp profits recovery at Howard Shuttering

By David Thomas

Howard Shuttering, the London-based plant hire and property development concern, revealed a sharp recovery in taxable profits and earnings per share in the six months to October 31 1986.

Turnover increased from £3.96m to £4.53m, profit before tax more than doubled to £25.5m, against £20.6m last time. After tax of £30.6m, earnings per 10p share came out substantially

higher at 5.1p (1.6p).

Confirming the confident tenor of the chairman's year-end statement, the directors stated that the profits recovery was helped by the decision to close down the formwork and structures operations.

Turnover slipped to £3.45m, against £3.63m. From earnings per share up from 1.63p to 2.89p, the interim dividend is lifted from 1.75p to 1.75p—last year's final payment was 8.35p from profits of £272,605 (£235,146).

In the light of this development, an EGM is to be held to announce a special resolution to change the company's name to Howard Holdings.

Meat Trade Supplies

By David Thomas

Excluding non-recurring losses of £50,000, which include redundancy payments, of the Darlington subsidiary last September, taxable profits of Meat Trade Supplies, manufacturer and supplier of sausages, casings and butchers' equipment, expanded from £70,702 to £116,808 for the six months ended October 31 1986.

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In the light of this development, an EGM is to be held to announce a special resolution to change the company's name to Howard Holdings.

The Board of the National & Provincial Building Society announces that during the year a record £1.418 million was advanced to house buyers. Of this £1.17 million was lent as additional advances to existing customers, mostly for housing extensions and improvements.

The total number of borrowers exceeded 315,000 for the first time and the total number of investors' accounts was 1,731,000.

We regard the year's performance as excellent, especially so in view of the intense competition. An outstanding feature of our activities was the achievement on lending. In 1986 our lending was increased by 30%.

In the earlier part of the year we did not have problems in lending out money when some other societies were advertising for borrowers. And, towards the end of the year, we did not find ourselves short of funds as most others did.

Throughout the year we had a ready supply of funds consistently available. The result was plenty of customers for us and no queue for mortgages.

This happy state of affairs came about because our cash flow management was good. One of the major factors was our innovative use of the wholesale money markets.

We raised a net amount of £244 million in wholesale funds during the year, of which £200 million came from a floating rate note issue, a method of borrowing that we pioneered.

We are also greatly encouraged by a 10% increase in our lending to first-time buyers. This was predominantly in the latter part of the year and was a direct result of our initiative in offering them a 0.25% discount on mortgages guaranteed until the end of 1987.

The surplus before tax for 1986 rose by £13.0 million to £61.0 million. Net investment was the highest ever at £474 million against £471 million and National & Provincial's assets passed £6 billion for the first time at £6,047 million, up £764 million. The reserves increased by £39.1 million to £238.9 million, the largest increase ever recorded, and the reserve ratio improved further from 3.78% to 3.95%.

Against that background, National & Provincial expects to make further headway against the competition through technology, which will increase operating efficiency, and through a rearranged product range featuring clear, simple, logical and competitive investment accounts.

In addition the society is now offering the services provided by banks whilst retaining building society traditions of quality and friendliness.

"We loaned at a rate just under £1,000,000 per working hour throughout the year."

National & Provincial Building Society

REVENUE AND APPROPRIATION ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1986 (UNAUDITED)

| | 1986 £million | 1985 £million |
|-------------------------|---------------|---------------|
| Total income | 689.5 | 638.1 |
| Total expenditure | 628.5 | 590.0 |
| Surplus before taxation | 61.0 | 48.1 |
| Taxation | 22.0 | |

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financial

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LAW

War-damaged ship not covered by safe berth warranty

ATKINS INTERNATIONAL V
ISLAMIC REPUBLIC OF IRAN
SHIPPING LINES
Court of Appeal (Lord Justice Parker, Lord Justice Bingham and Sir Denys Buckley): February 2 1987

A CHARTERER'S warranty to nominate a safe berth cannot be broken before the obligation to nominate arises; and where the obligation is to arise when the ship reaches port, the warranty only covers her movements within port as she enters, remains at and departs from berth, and there is no breach if, on the approach journey, she is struck by a war missile.

The Court of Appeal so held when dismissing an appeal by owners of the motor vessel APJ Trity, from Mr Justice Saville's decision that the charterers had not warranted the safety of the approach voyage to port of discharge.

LORD JUSTICE PARKER said that by a voyage charterparty on an amended Gencon form dated May 5 1983, the shipowners chartered the APJ Trity to charterers for the carriage of a load of urea.

Clause 1 of the charterparty provided that the vessel should proceed to the loading port stated "in Box 10" and load there, and then proceed to the discharging port stated "in Box 11" and deliver cargo at the freight stated "in Box 13".

Box 10 was filled in "one or two safe berths Dauphine". Box 11 was filled in, "one or two safe berths Bandar Abbas, one or two safe berths Bandar Bushire, one or two safe berths Bandar Khomseini in charterers' option . . ." Box 13 provided for freight \$15 per metric ton for Bandar Abbas, \$17 for Bandar Bushire and \$23 for Bandar Khomseini.

The vessel was loaded at Denmark and was ordered to Bandar Khomseini for discharge. She proceeded to Bandar Bushire and there joined a convoy for Bandar Khomseini. Shortly after, she was severely damaged by a hostile missile. She was towed back to Bandar Bushire where she was eventually discharged.

Disputes arose between the

owners and charterers. The owners claimed inter alia that in breach of Box 11 Bandar was an unsafe port. They said that prior to the charterparty the charterers had represented that it was safe to proceed to Bandar Khomseini notwithstanding the existing war between Iran and Iraq.

The arbitrators held that the charterers gave no warranty as to the safety of the discharging port or place to be declared by them, nor did they warrant the safety of the approach voyage.

The owners' appeal was dismissed by Mr Justice Saville. He gave them leave to appeal from his decision.

Clause 16 of the Gencon form provided that if, before loading, it appeared that performance of the contract would subject the vessel to war risks, the owners were entitled to cancel the charter. If they elected to proceed but it appeared that further performance would subject the vessel to war risks, cargo should be discharged at any safe port.

Clause 18 of the charterparty, which was a typed clause, stated that it was understood by the parties that a state of war existed between Iran and Iraq and that it did not affect the reasonable safety of Bandar Abbas. Typed clause 28 provided that in the case of Bandar Abbas and Bandar Bushire, extra war risk insurance was to be for owners' account, whereas

was risk insurance for hull and machinery. In case of Bandar Khomseini was to be for charterers' account. Typed clause 38 provided that time lost waiting to join convoy to and from Bandar Khomseini was to count as laytime.

The three possible discharging ports were situated on the Iranian shore of the Gulf. Bandar Abbas was immediately to the north of the Strait of Hormus; Bandar Bushire was about two-thirds of the distance between Bandar Abbas and the head of the Gulf; and Bandar Khomseini was at the head of the Gulf, very close to the border between the warring parties and the main scene of the conflict.

Mr Boyd for the owners submitted that although there was neither an express nor an implied safe port warranty, the express safe berth warranty was an extensive and perhaps more extensive. He accepted that the charterers' initial obligation was to declare a port, that the time to nominate a berth had

not arrived when the vessel was struck, and that a berth had not been nominated.

Nevertheless, he submitted that when the order to proceed to Bandar Khomseini was given, the charterers were in breach of the safe berth warranty unless there was some berth there which the ship could prospectively reach, use and return from without, in the absence of abnormal occurrence, being exposed to danger.

That submission was founded on the definition of safe port stated by Lord Justice Sellars in the *Eastern City* [1958] 2 Lloyd's Rep 127, 131 and the House of Lords decision in the *Eria* [No 2] 1983 1 AC 736.

There was no support for the submission in the definition, nor in the *Eria*.

In the *Eria* it was held that when the order to proceed to a particular port was given, the contractual promise was that the port was prospectively safe. The only express provision in the present case was that when the order was given to proceed to a particular berth that berth was prospectively safe. The promise could not be broken before the obligation to nominate the berth arose, and such would not cover the approach voyage.

Apart from that general consideration, it was impossible to construe Box 11 as covering the approach voyage to the port when (i) there was no express or implied safe port warranty; (ii) the obligation to nominate a berth would not arise till the voyage to the port was concluded; (iii) the whole of the venture was to take place in waters potentially hazardous from war risks as to freight, as to convoy, and as to the extent of war risk insurance, all pointed to their rights under clause 16, the risk of proceeding to any one of the named ports.

The owners, subject to their rights under clause 16, had given an unqualified promise to proceed to any one of the three possible ports, and were concerned only that having got there the vessel should be directed to a prospectively safe port.

There was no warranty or promise as to the safety of the approach voyage to any of the nominated ports. The appeal should be dismissed.

LORD JUSTICE BINGHAM agreeing, said that the charterers' first obligation under Box 11 was to declare a dis-

charge port on completion of loading. They could declare any of the three named destinations because they were the subject of express agreement.

Their next obligation was to nominate a berth or berths for the vessel within the declared port. It was plain on the express language of the charter that the charterers promised the berths nominated would be prospectively safe.

Subject to two qualifications, a safe berth was one which the vessel could reach, remain at and depart from without, in the absence of abnormal occurrence, being exposed to danger.

The first qualification was that, since the charterers had not promised that the declared port would be safe, the vessel's passage to and from a nominated berth should not be treated as including any part of the voyage to or from the port. It only included movement within the port to and from a nominated berth.

The second qualification was that the charterers' promise should be understood as limited to a promise that the berths nominated would be prospectively safe from risks not affecting the port as a whole, or all the berths in it. To hold otherwise would be to erode what was intended to be a meaningful distinction between berths and ports.

The courts had always refused to distinguish between physical and political unsafety. The charterers' promise must therefore be understood as applying to both, but the unsafety must be particular to the berths nominated and not general to the port as a whole or all the berths in it.

There would be no breach by the charterers if every berth or the port as a whole was prospectively unsafe in the same way and to the same extent. Where that was so, the owners should not have agreed the discharge port in the first place, or the master should have taken advantage of the clauses entitling him to discontinue the voyage.

Sir Denys Buckley agreed with both judgments.

For the owners: Stewart Boyd QC and Michael Collins (Holman Fenwick and Willan).

For the charterers: Timothy Young (Middleton Potts and Co).

By Rachael Davies
Barrister

INAUGURATED IN DAR ES SALAAM AGIP'S TANZANIA LUBRICANTS PRODUCTION PLANT.

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COMMODITIES AND AGRICULTURE

Brokers claim £110m in Tin Council court case

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

TIN CONTRACT debts totalling £110m and unquantified damages—including damages for alleged "false representation"—are being claimed by nine London Metal Exchange brokers against the International Tin Council, its 22 member states and the EEC in a writ issued yesterday.

The nine—all members of the Tinco Realisations co-ordinating group of LME creditors of the insolvent ITC—are Amalgamated Metal Trading, Boustead Davis (Metal Brokers), Gerald Metals, Gill & Duffus, Henry Bath & Son, Holcros Trading Company, Metallgesellschaft, Metlist and Mocatta Commercial.

As an alternative to their contract debt claim, they seek damages for repudiation of the contracts or for non-acceptance of the goods sold, after ITC buffer stock operations collapsed in October 1985.

The largest individual claim-

ant is Gill & Duffus, for a total of £46m.

The claims are made against the defendants "jointly and severally, alternatively severally each for its due proportion"—a belt-and-braces formula maximising the brokers' options for enforcing payment if liability is established.

The writ opens with a claim for a declaration that the defendants are liable to meet all the debts and other liabilities incurred to the brokers in relation to certain tin contracts made on the LME with the plaintiffs by the ITC's Buffer Stock Manager or Deputy Buffer Stock Manager between July and October, 1985.

The brokers claim damages for the "false representations" made by the ITC's Buffer Stock Manager and of the Deputy Buffer Stock Manager to the

plaintiff's "negligently and/or recklessly without caring whether they be true or false" that the ITC reasonably expected to have sufficient funds available to meet the contract liabilities.

The false representations were impliedly made in making the contracts and either authorised by the member states and the EEC or made on their behalf, the writ asserts.

Alternatively to that claim, the brokers seek damages for breach of warranty that the liabilities would be met when they fell due—alternatively that there were reasonable grounds to expect that the ITC would have sufficient funds to meet them.

Certain of the brokers also make claims in respect of arbitration awards and margin payments. In addition there are claims for interest on the debts.

Refined zinc output fell during the year to 4,833,000 tonnes compared with 1985's 4,967,000 tonnes. This mainly reflected Canada's output falling to 570,000 tonnes from 692,000 tonnes due to the strike at Noranda's Valleyfield smelter.

The US and Japan continued their recent downward production trends with falls of 20,000 and 32,000 tonnes during the year.

European output fell to 1,995,000 tonnes from 1,960m in 1985, assisted by new capacity in Italy, while there were increases in Brazil and South Korea as expansions at existing plants were completed.

"Both sides are facing off at the moment," a sugar analyst at C. Gurnikow, the London broker, said yesterday. "Buyers will want cancellation or deferment fees amounting to at least the cost of replacing the sugar at current world market prices. But, on the other hand, they will not want to press so hard that the IAA gives up negotiating and declares force majeure on the shipments."

Much of the contracted sugar and sugar-based fuel alcohol is booming, and supplies sharply reduced because of last year's drought Brazil, normally the world's single biggest exporter, will be unable to meet export commitments for 2.7m tonnes this year (up from 2.4m last year) according to a Reuter report based on contacts with industry experts in New York.

As a result the country's Sugar and Alcohol Institute (IAA) recently "offered" to defer export shipments of around 1m tonnes of sugar from 1987 to 1988. As might have been expected the offer has not been well received, and the IAA has decided to keep it open until the end of this week.

One New York trader told Reuter that an agreement to roll contracts forward would force trade houses back into the world market to "buy sugar to cover export commitments to final destinations." And as

improved sentiment aided by Brazil's supply problems and increased Soviet buying lifted the London daily sugar price recently to a peak of \$195 a tonne, up \$50 from the beginning of the year. But the price has since slipped back by \$15.50 a tonne.

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Non-socialist mine output of lead in 1986, at 2.3m tonnes (lead content), was the lowest since 1963, the study group said.

The fall of 155,000 tonnes from 1985 was mainly in the US, where mine output fell to 343,000 from 427,000 tonnes due to the Buick mine closure.

Elsewhere, Australia's

output fell 30,000 tonnes after the late 1985 closure of the Zalda mine,

while small rises were seen in Mexico, Canada, Europe and South Africa.

Refined lead production dropped 230,000 tonnes to 3.971m, of which 1.8m tonnes was secondary metal. This was mainly to a fall in US output to 906,000 from 1985's 1.025m tonnes following closure of the Boss primary smelter and refinery in June.

Non-socialist zinc output fell 20,000 tonnes after the late 1985 closure of the Zalda mine,

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Financial Times Wednesday February 4 1987

LONDON STOCK EXCHANGE

Account Dealing Dates
Up to
First Declaration Date
Last Account Dealings Day

Jan 28 Feb 5 Feb 6 Feb 16
Feb 9 Feb 19 Feb 20 Mar 2
Feb 23 Mar 5 Mar 6 Mar 16

"New time dealings may take place from 9.00 am two business days earlier."

The UK stock market struggled to hold on to its latest peak yesterday, against the backdrop of an uncertain Gilt-edged sector and an opinion poll revealing bearishly on the Thatcher Government's election prospects.

A mixed start in the New York equity market unsettled London equities at the close, when the blue chips were trending lower in modest trading.

Shares prices opened lower but rallied hopefully ahead of Wall Street's opening. The final hour, however, brought a withdrawal of institutional support, leaving prices to turn easier.

The FT-SE 100 index ended 42 down at 1826.8 after showing a ten point fall in early trading and a net rise of 14 at mid-session. Also sliding off its peak was the FT ordinary index, finally 44 lower at 1458.5.

Selling was not on any great scale—in fact US buyers were reported in Imperial Chemical Industries and some other multinationals.

But there were signs of internal strains in the marketplace. Glaxo slipped back as most of the marketmakers widened their trading spreads from 10p to 15p—a sure sign that they had suffered losses on Monday's spectacular rise in the shares.

Jaguar stood out strongly as US buyers returned for the stock. But oil shares remained dull, as world oil prices continued to decline. The Middle East situation darkened beneath the Iran-Iraq conflict and the lengthening list of US and European hostages taken in the Lebanon.

The Gilt-edged market looked increasingly cautious ahead of the auction of US Federal bonds which opens tomorrow (Thursday). But prices rallied from early falls in favour of a positive response to the latest economic indicators from the US.

The early losses reflected movements in the wake of the latest Harris opinion poll, according to a two-point lead to the UK Labour Party. Dealers commented that the polls have shown an uncertain trend, and that, moreover, no early election in the UK is yet confirmed.

The latest UK currency reserve statistics were up to market expectations, however, and helped by a rally in New York Bonds. UK Government issues steamed to close little changed from overnight. The FT Government securities index ended 0.04 off at 83.3.

Standard Chartered down

Dealers' attention in the banking sector switched to Standard Chartered as the shares fell 18 to 754p on nervous selling induced by fears of another share-dealing inquiry following a press claim that the bank had lent £25m to the

Shares slip back from peak levels while Government bonds steady in quiet trade

National Bank of Brunei, who then lent monies to Mr Tan Sri Khoi Post in order for the latter to buy shares in Standard and help thwart the unwelcome bid from Lloyds Bank. Elsewhere, the major clearers passed a quiet session with Midland closing 5 lower at 503p and NatWest 5 dearer at 578p. Elsewhere, First National Finance Corporation featured with a fresh speculative gain of 12 at 233p.

Lloyds broker Sedgwick recently unseated by staff defections to Willis Faber, and fears that it may have incurred losses on the sinking of an oil rig in Arctic waters remained on offer at 311p down 4; Willis Faber relinquished 4 at 459p. Composites plotted an irregular course in moderate trading. Commercial Union cheapened 4 at 310p and GRE declined 10 at 822p.

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| FINANCIAL TIMES STOCK INDICES | | | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------------|---------|
| | Feb. 3 | Feb. 3 | Jan. 30 | Jan. 29 | Jan. 28 | Year ago | 1986/87 | | Since Compilation | |
| | | | | | | | High | Low | High | Low |
| Government Secs | 85.31 | 85.35 | 85.31 | 85.35 | 85.15 | 80.89 | 94.51 | 80.39 | 127.4 | 49.18 |
| Fixed Interest | 92.29 | 91.93 | 91.90 | 91.43 | 91.47 | 86.82 | 97.68 | 86.35 | 105.4 | 50.53 |
| Ordinary | 1,458.5 | 1,463.9 | 1,441.0 | 1,427.0 | 1,400.4 | 1,163.9 | 1,463.9 | 1,094.3 | 1,463.9 | 49.4 |
| Gold Mines | 309.7 | 313.5 | 321.8 | 322.6 | 331.1 | 338.2 | 357.8 | 73.7 | 73.7 | 43.5 |
| Ord. Div. Yield | 3.88 | 3.87 | 3.95 | 3.99 | 3.96 | 4.44 | (229/86) | (187/86) | (150/86) | (26/86) |
| Earnings Yld.% (full) | 9.10 | 9.04 | 9.25 | 9.36 | 9.29 | 10.79 | 124.0 | 120.0 | 125.0 | 105.0 |
| P/E Ratio (est.) | 13.47 | 13.55 | 13.26 | 13.10 | 13.20 | 11.54 | 328.6 | 250.0 | 320.0 | 230.0 |
| SEAS Bargains (5 pm) | 36,730 | 40,150 | 34,168 | 37,029 | 39,468 | 30,005 | 271.72 | 271.72 | 271.72 | 271.72 |
| Equity Turnover (Em.) | — | 1,484.5 | 1,343.3 | 1,585.94 | 1,483.77 | 499.13 | 125.8 | 128.7 | 125.8 | 128.7 |
| Equity Value | — | 507.10 | 46,864 | 48,859 | 48,777 | 2013 | 201.4 | 201.4 | 201.4 | 201.4 |
| Shares Traded (mln) | — | 598.8 | 546.3 | 580.3 | 575.1 | 225.4 | 287.16 | 277.16 | 287.16 | 277.16 |
| ▼ Opening 10 a.m. 1 p.m. 3 p.m. 4 p.m. | 1455.2 | 1460.9 | 1457.1 | 1458.9 | 1459.8 | 1460.7 | 1463.5 | 1457.9 | | |
| Day's High 1463.5 Day's Low 1454.9 Basis 100 Govt. Secs 151/202, Fixed Int. 1928, Ordinary 1/735, Gold Mines 129/55, SE Activity 1747, *NU=12.98. | | | | | | | | | | |

LONDON REPORT AND LATEST SHARE INDEX TEL. 01-246 8026

Vickers in contrast, continued to move higher and closed 7 to the good at 458p. Elsewhere, a flurry of buying left Simon 12 better at 303p, but Hallite, still reflecting the profits warning, came under further selling pressure and gave up 7 more to 160p. Baker Hughes 4 up 10p to 285p, following confirmation of Mr Robert Maxwell's stake of around 5 per cent, but APV eased 7 to 633p.

ASDA-MFI attracted a heavy two-way business in early trading, but the price, after edging forward to 151p, subsequently eased back to 151p, then continued to edge higher and closed 7 to 160p. The appointment of Mr Niall Ireland as non-executive chairman enlivened fresh interest in Bewair which gained 7 to 406p, while the opening of a new retail outlet in Rotterdam directed attention to Alexander Wearable, up 5 at 385p. Thomas-T-Line, in contrast, fell 17 more to 438p on further consideration of the company's bid for Taddeus Deben Park featured a gain of 7% to 1042p in related news. English China Clays were supported by a 10p rise to 245p, while recent profit-taking clipped 8 from 246p to 238p.

The Hotel leaders displayed modest falls, but selected secondary issues continued to attract buyers, notably Queens Meats Houses, 1 dearer at 220p. Diplomas closed 3 easier at 240p following a bearish comment from Barclays de

late ahead of next Tuesday's first quarter figures, closed 5% lower at 429p following news that the company has made a \$9m investment in Circuit Corporation of the US. Unilever met with selling and gave up 2% to 270p, but Pilkington continued to edge higher and closed 7 to 160p. The appointment of Mr Niall Ireland as non-executive chairman enlivened fresh interest in Bewair which gained 7 to 406p, while the opening of a new retail outlet in Rotterdam directed attention to Alexander Wearable, up 5 at 385p. Thomas-T-Line, in contrast, fell 17 more to 438p on further consideration of the company's bid for Taddeus Deben Park featured a gain of 7% to 1042p in related news. English China Clays were supported by a 10p rise to 245p, while recent profit-taking clipped 8 from 246p to 238p.

The Property leaders passed their quietest session for some time and settled with minor falls across the board. Land Securities were up 1% to 248p, while Great Western Properties improved 5 more to 305p. Buying interest in the interim figures due soon left Courtney Pepe 11 to the good at 220p. Diplomas closed 3 easier at 240p following a bearish comment from Barclays de

Glaxo turns easier

Sellers finally gained the upper hand in Glaxo after the recent out-standing show of strength and the shares settled with a fall of 1% on the day at 213p. Elsewhere, among the miscellaneous industrial leaders, Anglia Interiors gained 5 to 44p following the annual results and confident statement. Magnet and Southern firmed 8 more to 249p on rumours of a broker's circular, but speculative favourite Walter Lawrence encountered profit-taking and came back 7 to 116p.

ICI continued to move higher and unchanged at 213p. Elsewhere in the Chemical sector, Hills and Everard revived with an improvement of 5 at 225p, while Crude Oil Chemicals were also favoured and rose 4 to 187p.

Wood Mackenzie's circular and continuing hopes of tax cuts in next month's Budget helped sustain the market.

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

| Index No. | Day's Change % | Est. Gross Div. Yield (%) | Ex. P/E Ratio | Adj. Total Yield (%) | Mon Feb 2 | Fri Jan 30 | Thurs Jan 29 | Year ago (approx.) | Index No. | Index No. | Index No. | |
|------------------------------------|----------------|---------------------------|---------------|----------------------|-----------|------------|--------------|--------------------|-----------|-----------|-----------|--|
| 1 CAPITAL GOODS (209) | — | 8.14 | 3.39 | 15.56 | 0.74 | 777.31 | 769.07 | 767.13 | 601.92 | | | |
| 2 Building Materials (27) | +0.5 | 8.15 | 3.39 | 15.24 | 0.55 | 536.36 | 539.24 | 535.01 | 447.76 | | | |
| 3 Contracting, Construction (28) | -0.1 | 7.18 | 3.51 | 19.15 | 0.34 | 1353.57 | 1323.79 | 1322.59 | 941.70 | | | |
| 4 Electricals (12) | -0.2 | 7.76 | 4.04 | 16.55 | 0.52 | 1952.05 | 1941.10 | 1912.00 | 1702.28 | | | |
| 5 Electronics (28) | -0.1 | 8.28 | 2.35 | 15.00 | 0.51 | 1790.02 | 1723.11 | 1722.09 | 1644.24 | | | |
| 6 Heavy Engineering (61) | -0.1 | 7.64 | 3.48 | 14.60 | 0.46 | 1406.94 | 1436.94 | 1436.94 | 1374.42 | | | |
| 7 Motor Cars (7) | -0.5 | 7.76 | 4.04 | 15.00 | 0.46 | 1200.05 | 1200.05 | 1200.05 | 1197.42 | | | |
| 8 Metals and Metal Forming (7) | -0.1 | 8.84 | 3.57 | 15.05 | 0.50 | 311.84 | 308.05 | 307.27 | 246.44 | | | |
| 9 Motors (15) | -0.1 | 7.09 | 4.30 | 15.84 | 0.46 | 1205.80 | 1221.78 | 1221.78 | 1089.26 | | | |
| 10 Other Industrial Materials (21) | -0.4 | 10.62 | 8.44 | 14.74 | 0.46 | 991.18 | 981.49 | 962.27 | 793.89 | | | |
| 11 CONSUMER GROUP (186) | -0.1 | 7.68 | 3.28 | 14.52 | 0.70 | 954.02 | 958.86 | 952.87 | 792.12 | | | |

Financial Times Wednesday February 4 1987 Ⓛ

WORLD STOCK MARKETS

ndices

| NEW YORK-DOW JONES | | | | | | | 1986/87 | | | | Since Completion | | | | 1986/87 | | | |
|-----------------------------|----------|----------|----------|----------|----------|-------------------|----------|----------|----------|---------|------------------|-------------------|----------|----------|----------|----------|--|--|
| | Feb 3 | Feb 2 | Jan 30 | Jan 29 | Jan 29 | Jan 27 | High | Low | High | Low | High | Low | High | Low | High | Low | | |
| Australia | 2,168.45 | 2,179.70 | 2,158.04 | 2,160.01 | 2,163.36 | 2,150.45 | 2,163.39 | 2,162.26 | 2,162.39 | 41.22 | (2/1/87) | (2/1/87) | (2/1/87) | (2/1/87) | (2/1/87) | (2/1/87) | | |
| Export | 831.86 | 881.98 | 874.58 | 877.54 | 883.53 | 884.53 | 883.53 | 882.57 | 883.53 | 12.32 | (2/1/87) | (2/1/87) | (2/1/87) | (2/1/87) | (2/1/87) | (2/1/87) | | |
| Utilities | 228.45 | 225.98 | 224.72 | 224.61 | 227.08 | 225.83 | 227.83 | 226.47 | 227.83 | 18.5 | (2/1/87) | (2/1/87) | (2/1/87) | (2/1/87) | (2/1/87) | (2/1/87) | | |
| Long vol | — | | | | 205.25a | 185.82a | 192.52a | — | — | — | — | — | — | — | — | — | | |
| Div Yield % | | | Jan 23 | Jan 16 | Jan 9 | Year Ago (Approx) | | | | | | | | | | | | |
| | | | 3.18 | 3.23 | 3.34 | 4.16 | | | | | | | | | | | | |
| STANDARD AND POOR'S | | | | | | | 1987 | 1986 | 1985 | 1984 | 1983 | 1982 | 1981 | 1980 | 1979 | | | |
| | Feb 3 | Feb 2 | Jan 30 | Jan 29 | Jan 29 | Jan 27 | High | Low | High | Low | High | Low | High | Low | High | Low | | |
| AUSTRALIA | | | | | | | 1532.5 | 1485.7 | 1485.4 | 1513.8 | 1555.8 (15/1/87) | 1610.8 (2/1/87) | | | | | | |
| All Ord. (1/1/87) | | | | | | | 759.2 | 751.6 | 748.8 | 751.8 | 766.0 (20/1/87) | 811.1 (20/1/87) | | | | | | |
| Metals & Minis. (1/1/87) | | | | | | | | | | | | | | | | | | |
| AUSTRIA | | | | | | | | | | | | | | | | | | |
| Creditkot Aktien (50/12/86) | | | | | | | 265.14 | 265.67 | 265.45 | 272.57 | 285.54 (25/4) | 285.14 (5/2/87) | | | | | | |
| BELGIUM | | | | | | | | | | | | | | | | | | |
| Brussels SE (1/1/84) | | | | | | | 4833.55 | 4844.51 | 4844.82 | 4846.75 | 4851.88 (5/12) | 4885.81 (15/1/87) | | | | | | |
| DENMARK | | | | | | | | | | | | | | | | | | |
| Copenhagen SE (8/1/85) | | | | | | | 216.35 | 217.25 | (u) | 216.48 | 220.70 (18/4) | 228.28 (11/11) | | | | | | |
| FINLAND | | | | | | | | | | | | | | | | | | |
| Unitas GenL (1973) | | | | | | | 448.5 | 448.8 | 448.5 | 448.7 | 452.1 (15/1/87) | 456.5 (2/1/87) | | | | | | |
| FRANCE | | | | | | | | | | | | | | | | | | |
| CAC General (51/12/85) | | | | | | | 429.7 | 431.5 | 418.8 | 415.4 | 425.7 (28/1/87) | 427.3 (2/1/87) | | | | | | |
| Ind. Tendance (51/12/85) | | | | | | | 108.8 | 107.7 | 106.8 | 106.1 | 109.4 (27/1/87) | 107.8 (2/1/87) | | | | | | |
| GERMANY | | | | | | | | | | | | | | | | | | |
| FAZ Aktien (51/12/85) | | | | | | | 575.82 | 580.85 | 580.75 | 580.14 | 583.88 (17/4) | 585.22 (5/2/87) | | | | | | |

| Stock | Sales | High | Low | Last | Change | Stock | Sales | High | Low | Last | Change | Stock | Sales | High | Low | Last | Change |
|-------|-------|------|-----|------|--------|-------|-------|------|-----|------|--------|-------|-------|------|-----|------|--------|
|-------|-------|------|-----|------|--------|-------|-------|------|-----|------|--------|-------|-------|------|-----|------|--------|

| continued from Page 35 | | | | | |
|------------------------|------|------|------|-----|----------|
| dec | 31 | 205 | 154 | 18 | 154 + 18 |
| decR | 28 | 1341 | 244 | 224 | 24 + 18 |
| decle | 53 | 3285 | 1507 | 294 | 294 - 18 |
| decL | 16 | 856 | 111 | 111 | 111 + 18 |
| NBA .14c | 24 | 189 | 70 | 58 | 58 + 18 |
| NBA .14b | 30 | 230 | 27 | 27 | 27 + 18 |
| NTP .24 | 14 | 22 | 464 | 464 | 464 + 18 |
| NTNHL .30 | 14 | 172 | 176 | 176 | 176 + 18 |
| OE | | | | | |
| OE .12 | 9 | 357 | 54 | 8 | 8 + 18 |
| OE 1.60a | 18 | 296 | 55 | 59 | 55 + 18 |
| OE 10s | 5 | 514 | 187 | 187 | 187 + 18 |
| OE 23 | 70 | 625 | 247 | 247 | 247 + 18 |
| Oed | | | | | |
| Oef | 47 | 177 | 174 | 164 | 164 + 18 |
| Ofv | 33 | 4850 | 621 | 231 | 231 + 18 |
| Ofen | 16 | 12 | 24 | 23 | 23 + 18 |
| Ofex | 26 | 36 | 153 | 134 | 134 + 18 |
| Ofhr | 27 | 88 | 287 | 223 | 223 + 18 |
| Ofis | 48 | 125 | 22 | 274 | 274 + 18 |
| Ofco | 31 | 54 | 174 | 154 | 174 + 18 |
| OfGld | 14 | 153 | 472 | 464 | 464 + 18 |
| Ofair .18 | 19 | 274 | 294 | 294 | 294 + 18 |
| Ofir .1 | | | | | |
| Ofit | 22 | 154 | 51 | 51 | 51 + 18 |
| Ofps | 73 | 1158 | 179 | 177 | 177 + 18 |
| Ofsp1 .84 | 20 | 11 | 124 | 133 | 132 + 18 |
| Ofsp1 .12 | | | | | |
| Ofct | 1704 | 976 | 574 | 914 | 914 + 18 |
| Ofcl .11s | 34 | 242 | 247 | 240 | 240 + 18 |
| Ofgl .70s | 14 | 2742 | 224 | 217 | 229 + 18 |
| Ofin .16 | 21 | 1697 | 225 | 225 | 225 + 18 |
| Ofats .49 | 16 | 153 | 207 | 207 | 207 + 18 |
| OfatSp .40 | 28 | 58 | 28 | 29 | 28 + 18 |
| OfatSp .104 | 15 | 227 | 347 | 337 | 337 + 18 |
| Ofam .20 | 12 | 38 | 55 | 58 | 58 + 18 |
| Ofalg | 33 | 317 | 55 | 58 | 58 + 18 |
| Ofca .30s | 4 | 221 | 114 | 114 | 114 + 18 |
| Ofca .52 | 32 | 22 | 26 | 26 | 26 + 18 |
| Ofcl | | | | | |
| Ofch | 126 | 66 | 247 | 231 | 247 + 18 |
| OfchSp .12 | 23 | 141 | 50 | 49 | 49 + 18 |
| Ofctis | 23 | 303 | 191 | 191 | 191 + 18 |
| Ofcm .50 | 50 | 50 | 128 | 224 | 213 + 18 |
| Ofctm .4108 | 24 | 24 | 27 | 27 | 27 + 18 |
| Ofctm .80 | 29 | 1848 | 334 | 374 | 374 + 18 |
| Ofctm .Pub | 111 | 13 | 122 | 13 | 13 + 18 |
| Ofctm .TR | 44 | 41 | 415 | 415 | 415 + 18 |
| Ofctm .16 | 68 | 6103 | 111 | 111 | 111 + 18 |
| Ofctm .58s | 36 | 20 | 152 | 204 | 204 + 18 |
| Ofctm .Cte | 16 | 15 | 15 | 15 | 15 + 18 |
| Ofctm .Ce | 16 | 15 | 15 | 15 | 15 + 18 |
| Ofctm .15 | 15 | 4375 | 344 | 334 | 344 + 18 |
| Ofctm .SP | 1510 | 912 | 918 | 917 | 917 + 18 |
| Ofctm .70 | 11 | 105 | 21 | 21 | 21 + 18 |
| Ofctm .84 | 8 | 935 | 254 | 254 | 254 + 18 |
| Ofctm .72 | 10 | 655 | 243 | 244 | 244 + 18 |
| Ofctm .20 | 19 | 52 | 630 | 373 | 381 + 18 |
| Ofctm .19 | 15 | 103 | 94 | 94 | 94 + 18 |
| Ofctm .10 | 19 | 1557 | 254 | 254 | 254 + 18 |
| Ofctm .14 | 141 | 111 | 103 | 103 | 103 + 18 |
| OE | | | | | |
| OE .72 | 22 | 126 | 202 | 23 | 23 + 18 |
| OE .12 | 12 | 210 | 94 | 94 | 94 + 18 |
| OE .16 | 11 | 114 | 359 | 367 | 368 + 18 |
| OE .21 | 21 | 1 | 23 | 23 | 23 + 18 |
| OE .26 | 26 | 1055 | 104 | 105 | 102 + 18 |
| OE | | | | | |
| OE .72 | 22 | 126 | 202 | 23 | 23 + 18 |
| OE .12 | 12 | 210 | 94 | 94 | 94 + 18 |
| OE .16 | 11 | 114 | 359 | 367 | 368 + 18 |
| OE .21 | 21 | 1 | 23 | 23 | 23 + 18 |
| OE .26 | 26 | 1055 | 104 | 105 | 102 + 18 |
| OE | | | | | |
| OE .72 | 22 | 126 | 202 | 23 | 23 + 18 |
| OE .12 | 12 | 210 | 94 | 94 | 94 + 18 |
| OE .16 | 11 | 114 | 359 | 367 | 368 + 18 |
| OE .21 | 21 | 1 | 23 | 23 | 23 + 18 |
| OE .26 | 26 | 1055 | 104 | 105 | 102 + 18 |
| OE | | | | | |
| OE .72 | 22 | 126 | 202 | 23 | 23 + 18 |
| OE .12 | 12 | 210 | 94 | 94 | 94 + 18 |
| OE .16 | 11 | 114 | 359 | 367 | 368 + 18 |
| OE .21 | 21 | 1 | 23 | 23 | 23 + 18 |
| OE .26 | 26 | 1055 | 104 | 105 | 102 + 18 |
| OE | | | | | |
| OE .72 | 22 | 126 | 202 | 23 | 23 + 18 |
| OE .12 | 12 | 210 | 94 | 94 | 94 + 18 |
| OE .16 | 11 | 114 | 359 | 367 | 368 + 18 |
| OE .21 | 21 | 1 | 23 | 23 | 23 + 18 |
| OE .26 | 26 | 1055 | 104 | 105 | 102 + 18 |
| OE | | | | | |
| OE .72 | 22 | 126 | 202 | 23 | 23 + 18 |
| OE .12 | 12 | 210 | 94 | 94 | 94 + 18 |
| OE .16 | 11 | 114 | 359 | 367 | 368 + 18 |
| OE .21 | 21 | 1 | 23 | 23 | 23 + 18 |
| OE .26 | 26 | 1055 | 104 | 105 | 102 + 18 |
| OE | | | | | |
| OE .72 | 22 | 126 | 202 | 23 | 23 + 18 |
| OE .12 | 12 | 210 | 94 | 94 | 94 + 18 |
| OE .16 | 11 | 114 | 359 | 367 | 368 + 18 |
| OE .21 | 21 | 1 | 23 | 23 | 23 + 18 |
| OE .26 | 26 | 1055 | 104 | 105 | 102 + 18 |
| OE | | | | | |
| OE .72 | 22 | 126 | 202 | 23 | 23 + 18 |
| OE .12 | 12 | 210 | 94 | 94 | 94 + 18 |
| OE .16 | 11 | 114 | 359 | 367 | 368 + 18 |
| OE .21 | 21 | 1 | 23 | 23 | 23 + 18 |
| OE .26 | 26 | 1055 | 104 | 105 | 102 + 18 |
| OE | | | | | |
| OE .72 | 22 | 126 | 202 | 23 | 23 + 18 |
| OE .12 | 12 | 210 | 94 | 94 | 94 + 18 |
| OE .16 | 11 | 114 | 359 | 367 | 368 + 18 |
| OE .21 | 21 | 1 | 23 | 23 | 23 + 18 |
| OE .26 | 26 | 1055 | 104 | 105 | 102 + 18 |
| OE | | | | | |
| OE .72 | 22 | 126 | 202 | 23 | 23 + 18 |
| OE .12 | 12 | 210 | 94 | 94 | 94 + 18 |
| OE .16 | 11 | 114 | 359 | 367 | 368 + 18 |
| OE .21 | 21 | 1 | 23 | 23 | 23 + 18 |
| OE .26 | 26 | 1055 | 104 | 105 | 102 + 18 |
| OE | | | | | |
| OE .72 | 22 | 126 | 202 | 23 | 23 + 18 |
| OE .12 | 12 | 210 | 94 | 94 | 94 + 18 |
| OE .16 | 11 | 114 | 359 | 367 | 368 + 18 |
| OE .21 | 21 | 1 | 23 | 23 | 23 + 18 |
| OE .26 | 26 | 1055 | 104 | 105 | 102 + 18 |
| OE | | | | | |
| OE .72 | 22 | 126 | 202 | 23 | 23 + 18 |
| OE .12 | 12 | 210 | 94 | 94 | 94 + 18 |
| OE .16 | 11 | 114 | 359 | 367 | 368 + 18 |
| OE .21 | 21 | 1 | 23 | 23 | 23 + 18 |
| OE .26 | 26 | 1055 | 104 | 105 | 102 + 18 |
| OE | | | | | |
| OE .72 | 22 | 126 | 202 | 23 | 23 + 18 |
| OE .12 | 12 | 210 | 94 | 94 | 94 + 18 |
| OE .16 | 11 | 114 | 359 | 367 | 368 + 18 |
| OE .21 | 21 | 1 | 23 | 23 | 23 + 18 |
| OE .26 | 26 | 1055 | 104 | 105 | 102 + 18 |
| OE | | | | | |
| OE .72 | 22 | 126 | 202 | 23 | 23 + 18 |
| OE .12 | 12 | 210 | 94 | 94 | 94 + 18 |
| OE .16 | 11 | 114 | 359 | 367 | 368 + 18 |
| OE .21 | 21 | 1 | 23 | 23 | 23 + 18 |
| OE .26 | 26 | 1055 | 104 | 105 | 102 + 18 |
| OE | | | | | |
| OE .72 | 22 | 126 | 202 | 23 | 23 + 18 |
| OE .12 | 12 | 210 | 94 | 94 | 94 + 18 |
| OE .16 | 11 | 114 | 359 | 367 | 368 + 18 |
| OE .21 | 21 | 1 | 23 | 23 | 23 + 18 |
| OE .26 | 26 | 1055 | 104 | 105 | 102 + 18 |
| OE | | | | | |
| OE .72 | 22 | 126 | 202 | 23 | 23 + 18 |
| OE .12 | 12 | 210 | 94 | 94 | 94 + 18 |
| OE .16 | 11 | 114 | 359 | 367 | 368 + 18 |
| OE .21 | 21 | 1 | 23 | 23 | 23 + 18 |
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| OE .16 | 11 | 114 | 359 | 367 | 368 + 18 |
| OE .21 | 21 | 1 | 23 | 23 | 23 + 18 |
| OE .26 | 26 | 1055 | 104 | 105 | 102 + 18 |
| OE | | | | | |
| OE .72 | 22 | 126 | 202 | 23 | 23 + 18 |
| OE .12 | | | | | |

LONDON Chief price changes
(in pence unless otherwise indicated)

| RISES | DRG | Lucas Inds. | Conroy Pet. |
|-------------------|-----------|------------------|----------------|
| Allied-Lyons | 342 + 5 | Magnet & South | Courtaulds |
| Anglo United | 44 + 5 | Molyne | Globo |
| Authority Inv. | 360 +50 | Redfearn Nat. GL | £13% - 7% |
| China & East West | +10 | Second Mkt Inv | Lex Service |
| | Coal Pot. | Siemens | Perry |
| | Coastal | Furness | 175 - 10 |
| | | Gas | Standard Char. |

N. AMERICAN QUARTERLY RESULTS

| WILCAN STANDARD Reportation & building products | | | ENSEARCH Gas utility, energy exploration | | | LAFARGE Cement | | | SCIENTIFIC-ATLANTA Cable TV equipment | | |
|--|--------|--------|---|--------|--------|--|--------|--------|--|---------|---------|
| Fourth quarter | 1986 | 1985 | Fourth quarter | 1986 | 1985 | Fourth quarter | 1986 | 1985 | Second quarter | 1986-87 | 1985-86 |
| Revenue | \$ 5 | \$ 5 | Revenue | \$ 5 | \$ 5 | Revenue | \$ 5 | \$ 5 | Revenue | \$ 3 | \$ 3 |
| Net profit | 700.7m | 724.3m | Net profits | 806.1m | 821.2m | Net profits | 544.2m | 522.5m | Net profits | 125.1m | 118.1m |
| EPS per share | 0.57 | 1.01 | Net per share | 0.13 | 0.10 | Net per share | 0.10 | 0.13 | Net per share | 0.25 | 0.20 |
| Year | | | Year | | | Year | | | Six months | | |
| Revenue | 3bn | 2.5bn | Revenue | 2.7bn | 3.0bn | Revenue | 983.5m | 944.5m | Revenue | 233.9m | 223.1m |
| Net profit | 188.9m | 221.1m | Net profits | 2.4m | 102.4m | Net profits | 20m | 14.1m | Net profits | 5.6m | 7.8m |
| EPS per share | 5.15 | 0.50 | Net per share | 0.17 | 1.12 | Net per share | 0.06 | 0.31 | Net per share | 0.41 | 0.34 |
| Loss | | | Loss | | | Loss | | | Loss | | |
| WILLING O'KEEPE Mining | | | PPL GROUP Utility holding company | | | McGRAW-HILL Business publishing | | | SHERWIN-WILLIAMS Paints | | |
| Fourth quarter | 1986 | 1985 | Fourth quarter | 1986 | 1985 | Fourth quarter | 1986 | 1985 | Fourth quarter | 1986 | 1985 |
| Revenue | \$ 5 | \$ 5 | Revenue | \$ 5 | \$ 5 | Revenue | \$ 5 | \$ 5 | Revenue | \$ 3 | \$ 3 |
| Net profit | 225.3m | 216.6m | Net profits | 571.1m | 1,035m | Net profits | 446.2m | 412.5m | Net profits | 350.5m | 330.7m |
| EPS per share | 0.28 | 0.10 | Net per share | 0.48 | 0.41 | Net per share | 0.53 | 0.51 | Op. net profit | 33.2m | 10.5m |
| Year | | | Year | | | Year | | | Op. net per share | 0.22 | 0.22 |
| Revenue | 733.6m | 690.2m | Revenue | 4,090m | 4,355m | Revenue | 1,596m | 1,466m | Revenue | 1,525m | 1,525m |
| Net profit | 15.4m | 5.4m | Net profits | 365.4m | 372.3m | Net profits | 154m | 147.4m | Op. net profit | 56m | 68.7m |
| EPS per share | 0.23 | 0.22 | Net per share | 2.10 | 3.11 | Net per share | 3.04 | 2.92 | Op. net per share | 1.55 | 1.48 |
| Loss | | | Loss | | | Loss | | | Loss | | |
| WIPER INDUSTRIES Engineering & electrical equipment | | | PORT HOWARD PAPER Forest products | | | NATIONAL DISTILLERS & CHEMICAL Petrochemicals, wine & spirits | | | SONAT Energy | | |
| Fourth quarter | 1986 | 1985 | Fourth quarter | 1986 | 1985 | Fourth quarter | 1986 | 1985 | Fourth quarter | 1986 | 1985 |
| Revenue | \$ 5 | \$ 5 | Revenue | \$ 5 | \$ 5 | Revenue | \$ 5 | \$ 5 | Revenue | \$ 3 | \$ 3 |
| Net profit | 842.5m | 945.1m | Net profits | 385.6m | 318.7m | Net profits | 541.3m | 484.5m | Net profits | 453.4m | 576.3m |
| EPS per share | 0.57 | 0.57 | Net per share | 0.30 | 0.56 | Net per share | 1.52 | 1.03 | Net per share | 18.12 | 13.69 |
| Year | | | Year | | | Year | | | Year | | |
| Revenue | 3.4bn | 3.1bn | Revenue | 1,555m | 1,395m | Revenue | 1,730m | 1,618m | Revenue | 1,755m | 2,460 |
| Net profit | 147.7m | 135.1m | Net profits | 146.4m | 137m | Net profits | 75.6m | 77.2m | Net profits | 136.9m | 3m |
| EPS per share | 3.04 | 2.79 | Net per share | 2.18 | 2.47 | Net per share | 2.21 | 2.23 | Net per share | 17.52 | 0.08 |
| Loss | | | Loss | | | Loss | | | Loss | | |
| WIRTSCHAFTSMATERIAL Chemical products, mining | | | KELLOG-McCART Energy, mining | | | RYAN HOMES Housebuilder | | | U.S. HOME Housebuilding | | |
| Fourth quarter | 1986 | 1985 | Fourth quarter | 1986 | 1985 | Fourth quarter | 1986 | 1985 | Fourth quarter | 1986 | 1985 |
| Revenue | \$ 5 | \$ 5 | Revenue | \$ 5 | \$ 5 | Revenue | \$ 5 | \$ 5 | Revenue | \$ 3 | \$ 3 |
| Net profit | 1.2bn | 1.07bn | Net profits | 8.8m | 27.6m | Net profits | 177.7m | 153.1m | Net profits | 203.4m | 191.2m |
| EPS per share | 0.53 | 0.53 | Net per share | 0.15 | 0.55 | Net per share | 0.07 | 0.73 | Net per share | 0.14 | 0.06 |
| Year | | | Year | | | Year | | | Year | | |
| Revenue | 4,550m | 4,000m | Revenue | 2,530m | 2,340m | Revenue | 621.4m | 552.5m | Revenue | 782.5m | 782.5m |
| Net profit | 72.5m | 51.3m | Net profits | 200.7m | 180.5m | Net profits | 45.7m | 40.6m | Op. net profit | 65.4m | 104.6m |
| EPS per share | 0.30 | 0.33 | Net per share | 0.15 | 0.55 | Net per share | 0.07 | 0.73 | Op. net per share | 0.14 | 0.06 |
| Loss | | | Loss | | | Loss | | | Loss | | |

values of all indices are 100 except Brussels 55—1,000. J.S.

Common-50: Standard and Poors 10; and Toronto Composite and 100. Toronto Indices based 1975 and Montreal Portfolio 4/1/83.
8 bonds + 400 Industrials plus 40 Utilities, 40 Financial and 20
. & Closed. u Unavailable.

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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

| 12 Month High | | Stock | Div. Yld. | P/E | Stk. | 100s High | Low | Class Prev. Close | Class Date | Chg. % | 12 Month High | Stock | Div. Yld. | P/E | Stk. | 100s High | Low | Class Prev. Close | Class Date | Chg. % | 12 Month High | Stock | Div. Yld. | P/E | Stk. | 100s High | Low | Class Prev. Close | Class Date | Chg. % | | | | | | | | | |
|---------------|-----|--------|-----------|-----|------|-----------|-----|-------------------|------------|--------|---------------|-------|---------------|-----|------|-----------|-----|-------------------|------------|--------|---------------|-----------------|-----------|-----|------|-----------|-----|-------------------|------------|---------|-----|------|------|------|-----|----|-----------|-----|-----|
| 204 | 172 | AACR s | .50 | 1.7 | 21 | 450 | 225 | 28 | 254 | +1 | 651 | 494 | Bolco p/c1.50 | 5.6 | 218 | 634 | 62 | 624 | +1 | 14% | 212 | FordMkt p/c1.30 | 8.8 | 212 | 14 | 125 | 125 | 125 | 125 | -14 | 125 | 1442 | 1.62 | 23.4 | 179 | 20 | 100s High | 125 | 125 |
| 205 | 173 | ABG | s .12 | 3 | 11 | 965 | 128 | 28 | 254 | +1 | 515 | 34 | Borders,1.12 | 2.1 | 218 | 928 | 55 | 547 | +1 | 51% | 212 | CookI n | 2.4 | 212 | 14 | 125 | 125 | 125 | 125 | -14 | 125 | 1443 | 1.62 | 23.4 | 179 | 20 | 100s High | 125 | 125 |
| 206 | 174 | AGS | s .12 | 3 | 11 | 251 | 125 | 28 | 254 | +1 | 516 | 111 | BorgWar n | 2.1 | 17 | 927 | 55 | 547 | +1 | 51% | 212 | CookI n | 2.4 | 212 | 14 | 125 | 125 | 125 | 125 | -14 | 125 | 1444 | 1.62 | 23.4 | 179 | 20 | 100s High | 125 | 125 |
| 207 | 175 | AMCA | s .12 | 13 | 75 | 125 | 125 | 28 | 254 | +1 | 517 | 141 | BorgWar n | 2.1 | 17 | 927 | 55 | 547 | +1 | 51% | 212 | CookI n | 2.4 | 212 | 14 | 125 | 125 | 125 | 125 | -14 | 125 | 1445 | 1.62 | 23.4 | 179 | 20 | 100s High | 125 | 125 |
| 208 | 176 | AMCI | s .12 | 13 | 75 | 125 | 125 | 28 | 254 | +1 | 518 | 141 | BorgWar n | 2.1 | 17 | 927 | 55 | 547 | +1 | 51% | 212 | CookI n | 2.4 | 212 | 14 | 125 | 125 | 125 | 125 | -14 | 125 | 1446 | 1.62 | 23.4 | 179 | 20 | 100s High | 125 | 125 |
| 209 | 177 | AMCI | s .12 | 13 | 75 | 125 | 125 | 28 | 254 | +1 | 519 | 141 | BorgWar n | 2.1 | 17 | 927 | 55 | 547 | +1 | 51% | 212 | CookI n | 2.4 | 212 | 14 | 125 | 125 | 125 | 125 | -14 | 125 | 1447 | 1.62 | 23.4 | 179 | 20 | 100s High | 125 | 125 |
| 210 | 178 | AMCI | s .12 | 13 | 75 | 125 | 125 | 28 | 254 | +1 | 520 | 141 | BorgWar n | 2.1 | 17 | 927 | 55 | 547 | +1 | 51% | 212 | CookI n | 2.4 | 212 | 14 | 125 | 125 | 125 | 125 | -14 | 125 | 1448 | 1.62 | 23.4 | 179 | 20 | 100s High | 125 | 125 |
| 211 | 179 | AMCI | s .12 | 13 | 75 | 125 | 125 | 28 | 254 | +1 | 521 | 141 | BorgWar n | 2.1 | 17 | 927 | 55 | 547 | +1 | 51% | 212 | CookI n | 2.4 | 212 | 14 | 125 | 125 | 125 | 125 | -14 | 125 | 1449 | 1.62 | 23.4 | 179 | 20 | 100s High | 125 | 125 |
| 212 | 180 | AMCI | s .12 | 13 | 75 | 125 | 125 | 28 | 254 | +1 | 522 | 141 | BorgWar n | 2.1 | 17 | 927 | 55 | 547 | +1 | 51% | 212 | CookI n | 2.4 | 212 | 14 | 125 | 125 | 125 | 125 | -14 | 125 | 1450 | 1.62 | 23.4 | 179 | 20 | 100s High | 125 | 125 |
| 213 | 181 | AMCI | s .12 | 13 | 75 | 125 | 125 | 28 | 254 | +1 | 523 | 141 | BorgWar n | 2.1 | 17 | 927 | 55 | 547 | +1 | 51% | 212 | CookI n | 2.4 | 212 | 14 | 125 | 125 | 125 | 125 | -14 | 125 | 1451 | 1.62 | 23.4 | 179 | 20 | 100s High | 125 | 125 |
| 214 | 182 | AMCI | s .12 | 13 | 75 | 125 | 125 | 28 | 254 | +1 | 524 | 141 | BorgWar n | 2.1 | 17 | 927 | 55 | 547 | +1 | 51% | 212 | CookI n | 2.4 | 212 | 14 | 125 | 125 | 125 | 125 | -14 | 125 | 1452 | 1.62 | 23.4 | 179 | 20 | 100s High | 125 | 125 |
| 215 | 183 | AMCI | s .12 | 13 | 75 | 125 | 125 | 28 | 254 | +1 | 525 | 141 | BorgWar n | 2.1 | 17 | 927 | 55 | 547 | +1 | 51% | 212 | CookI n | 2.4 | 212 | 14 | 125 | 125 | 125 | 125 | -14 | 125 | 1453 | 1.62 | 23.4 | 179 | 20 | 100s High | 125 | 125 |
| 216 | 184 | AMCI | s .12 | 13 | 75 | 125 | 125 | 28 | 254 | +1 | 526 | 141 | BorgWar n | 2.1 | 17 | 927 | 55 | 547 | +1 | 51% | 212 | CookI n | 2.4 | 212 | 14 | 125 | 125 | 125 | 125 | -14 | 125 | 1454 | 1.62 | 23.4 | 179 | 20 | 100s High | 125 | 125 |
| 217 | 185 | AMCI | s .12 | 13 | 75 | 125 | 125 | 28 | 254 | +1 | 527 | 141 | BorgWar n | 2.1 | 17 | 927 | 55 | 547 | +1 | 51% | 212 | CookI n | 2.4 | 212 | 14 | 125 | 125 | 125 | 125 | -14 | 125 | 1455 | 1.62 | 23.4 | 179 | 20 | 100s High | 125 | 125 |
| 218 | 186 | AMCI | s .12 | 13 | 75 | 125 | 125 | 28 | 254 | +1 | 528 | 141 | BorgWar n | 2.1 | 17 | 927 | 55 | 547 | +1 | 51% | 212 | CookI n | 2.4 | 212 | 14 | 125 | 125 | 125 | 125 | -14 | 125 | 1456 | 1.62 | 23.4 | 179 | 20 | 100s High | 125 | 125 |
| 219 | 187 | AMCI | s .12 | 13 | 75 | 125 | 125 | 28 | 254 | +1 | 529 | 141 | BorgWar n | 2.1 | 17 | 927 | 55 | 547 | +1 | 51% | 212 | CookI n | 2.4 | 212 | 14 | 125 | 125 | 125 | 125 | -14 | 125 | 1457 | 1.62 | 23.4 | 179 | 20 | 100s High | 125 | 125 |
| 220 | 188 | AMCI | s .12 | 13 | 75 | 125 | 125 | 28 | 254 | +1 | 530 | 141 | BorgWar n | 2.1 | 17 | 927 | 55 | 547 | +1 | 51% | 212 | CookI n | 2.4 | 212 | 14 | 125 | 125 | 125 | 125 | -14 | 125 | 1458 | 1.62 | 23.4 | 179 | 20 | 100s High | 125 | 125 |
| 221 | 189 | AMCI | s .12 | 13 | 75 | 125 | 125 | 28 | 254 | +1 | 531 | 141 | BorgWar n | 2.1 | 17 | 927 | 55 | 547 | +1 | 51% | 212 | CookI n | 2.4 | 212 | 14 | 125 | 125 | 125 | 125 | -14 | 125 | 1459 | 1.62 | 23.4 | 179 | 20 | 100s High | 125 | 125 |
| 222 | 190 | AMCI | s .12 | 13 | 75 | 125 | 125 | 28 | 254 | +1 | 532 | 141 | BorgWar n | 2.1 | 17 | 927 | 55 | 547 | +1 | 51% | 212 | CookI n | 2.4 | 212 | 14 | 125 | 125 | 125 | 125 | -14 | 125 | 1460 | 1.62 | 23.4 | 179 | 20 | 100s High | 125 | 125 |
| 223 | 191 | AMCI | s .12 | 13 | 75 | 125 | 125 | 28 | 254 | +1 | 533 | 141 | BorgWar n | 2.1 | 17 | 927 | 55 | 547 | +1 | 51% | 212 | CookI n | 2.4 | 212 | 14 | 125 | 125 | 125 | 125 | -14 | 125 | 1461 | 1.62 | 23.4 | 179 | 20 | 100s High | 125 | 125 |
| 224 | 192 | AMCI | s .12 | 13 | 75 | 125 | 125 | 28 | 254 | +1 | 534 | 141 | BorgWar n | 2.1 | 17 | 927 | 55 | 547 | +1 | 51% | 212 | CookI n | 2.4 | 212 | 14 | 125 | 125 | 125 | 125 | -14 | 125 | 1462 | 1.62 | 23.4 | 179 | 20 | 100s High | 125 | 125 |
| 225 | 193 | AMCI | s .12 | 13 | 75 | 125 | 125 | 28 | 254 | +1 | 535 | 141 | BorgWar n | 2.1 | 17 | 927 | 55 | 547 | +1 | 51% | 212 | CookI n | 2.4 | 212 | 14 | 125 | 125 | 125 | 125 | -14</td | | | | | | | | | |

FINANCIAL TIMES

WORLD STOCK MARKETS

WALL STREET

Late retreat outweighs initial gains

FAILING to follow through from their broad advance to record levels the previous session, stocks edged lower yesterday in heavy trading, writes Roderick Oram in New York.

Bond prices gave ground in quiet trading in the face of a weaker dollar, stronger than expected leading economic indicators for December and the beginning of the Treasury's quarterly re-financing auctions.

The Dow Jones industrial average closed down 10.97 points at 2,168.54. The markets opened strongly, but the Dow quickly gave up its eight-point gain on the day and fell back into a mixed pattern as profit-taking emerged. Most of the loss on the day came in the last half hour.

Broader market indices were mixed, with the New York Stock Exchange composite index easing down 0.17 of a point to 157.28 while the Standard & Poor's 500 and American Stock Exchange composite index held on to gains of 1.34 to 277.99 and 1.41 to 305.56, respectively.

NYSE volume was heavy, rising to 18.8m shares from 17.4m on Monday.

with advances outpacing declines by 872 to 706.

Among blue chips Eastman Kodak lost \$1½ to \$76¾. General Motors was off \$5 to \$76½, IBM gained \$3 to \$133, McDonald's edged up 5¢ to \$71½, Merck lost \$3 to \$138¾ and Sears, Roebuck edged up \$2 to \$48¾.

Higher bond yields put some interest-rate sensitive stocks such as banks and insurance companies under selling pressure. AIG fell \$1½ to \$85¾, Chubb dropped \$1½ to \$62 despite a return to profit in the latest quarter, St. Paul gave up \$1¼ to \$45 despite increasing its dividend and Fireman's Fund lost \$3 to \$36. Citicorp lost \$1½ to \$56, J. P. Morgan slipped \$2 to \$47¾, Chase Manhattan dropped \$2 to \$39¾, and Manufacturers Hanover was unchanged at \$45¾.

On the takeover front, American Medical International rose \$1½ to \$19¾ following a \$20-a-share offer from Feschi, a closely held Chicago company which controls Republic Health. The bid values the group, which is a leading owner and operator of hospitals, at about \$1.7bn.

Home Shopping Network fell \$2 to \$33¾ on the American Stock Exchange after it announced an impasse in its talks to acquire COMB, which fell \$2½ to \$25¾ on heavy volume in the over-the-counter market.

Clarostat Manufacturing jumped \$3¾ to \$73¾ on the ASE following an agreed bid of \$74 a share from Hawker Siddeley of the UK.

American Cyanamid, whose takeover by Hoechst of West Germany has run into anti-trust problems, gained \$2 to \$89¾ on a rise in fourth-quarter earnings to \$1.13 a share from 24 cents a year

earlier. Among other chemical groups, Du Pont fell \$1½ to \$97, Dow Chemical was unchanged at \$71½ and Monsanto advanced \$1 to \$79¾.

Among companies reporting higher profits, PepsiCo eased down \$2 to \$31, Robbins jumped \$1½ to \$12½ and Rubbermaid slipped \$2 to \$26¾.

Stocks of long-distance telecommunications carriers were marked down following the Justice Department's recommendation that regional telephone companies be allowed to compete against them. MCI dropped \$2 to \$55, AT&T fell \$1 to \$23¾ and GTE gave up \$2 to \$62¾.

Credit markets were concerned yesterday about how high Treasury yields might have to go to stimulate sufficient demand at this week's auctions. The 7.50 per cent Treasury long bond, more of which will be auctioned tomorrow, gave up ½ of a point to 93½ at which it yielded 7.51 per cent.

Yesterday, the first part of the auction brought an average yield of 6.54 per cent on \$10bn of three-year Treasury notes.

The markets were not expecting the signs of strong growth given by December's leading economic indicators and factory orders. The 2.1 per cent rise in the indicators was the largest month-on-month gain since January 1983.

TOKYO

Aids drug news gives only boost

PROFIT-TAKING pressure triggered by investor concern over high prices drove shares lower in Tokyo yesterday, writes Shigeo Nishizaki of *Jiji Press*.

Large-capital stocks and financial issues, market leaders since the beginning of the year, lost ground along with blue chips. But issues related to acquired immune deficiency syndrome (Aids) drew large buy orders against the trend.

The Nikkei average of 225 select issues shed 115.76 to 19,956.33, falling below 20,000 for the first time in four trading days. Volume remained heavy at 101bn shares, compared with Monday's 1.09bn. Declines outnumbered advances by 554 to 313, with 138 issues unchanged.

On the trading floor, Nippon Steel topped the active list with 256.38m shares changing hands. The issue got off to a firm start, supported by foreigners' buying, but came under selling pressure later to end Y110 lower to Y255.

Ishikawajima-Harima Heavy Industries fell Y9 to Y46, Mitsubishi Engineering and Shipbuilding Y2 to Y185 and Nippon Kogen Y4 to Y258.

Tokyo Electric Power and Tokyo Gas closed Y110 and Y20 lower at Y8,300 and Y1,170, respectively.

Institutional investors' selling depressed financial issues, with Sumitomo Bank sliding Y120 to Y3,200, Fuji Bank Y90 to Y2,570 and Mitsubishi Trust and Banking Y110 to Y3,910.

Also on a weak note were non-life insurance stocks and securities houses, including Tokio Marine and Fire and Nomura, which finished Y20 and Y30 lower at Y1,150 and Y3,780, respectively.

Blue chips, which gained on Monday on the strength of the yen's weakness against the dollar, turned lower, hit by small-lot selling. Hitachi lost Y30 to Y1,040, Matsushita Electric Industrial Y20 to Y1,890 and Fuji Photo Film Y60 to Y3,420.

Budget-affected issues were still out of favour, with Kajima Corp slipping Y20 to Y1,500 and Taisei Corp Y3 to Y970.

However, very large buy orders were placed in the afternoon for issues related to Aids following reports that the Health and Welfare Ministry's expert panel had confirmed that interferon was effective in limiting the spread of the virus.

Buy orders of 270m shares were placed for Toray, a pioneer in interferon development, and turnover totalled 14.71m shares. The issue scored its daily performance gain of Y100 to Y685.

Sumitomo Chemical, the second-business issue with 43.96m shares traded, jumped Y30 to Y540. It has a subsidiary planning to commercialise interferon.

Sanyo-Kokusaku Pulp leaped Y32 to Y504 on reports that an artificial sweetener developed by the company may be effective against the Aids virus.

Among other Aids-related stocks, Toyobo rose Y28 to Y440, Denki Kagaku Kogyo Y23 to Y518 and Ajinomoto Y20 to Y2,030.

Bond trading was lacklustre, with investors retreating to the sidelines to await the outcome of auctions of US Treasury securities worth \$28bn.

The yield on the benchmark 5.1 per cent government bond, maturing in June 1998, declined to 4.830 per cent in early trading but then rose to end at 4.845 per cent compared with Monday's 4.845 per cent.

SOUTH AFRICA

WEAKER bullion prices contributed to an easier trend in gold shares in thin Johannesburg trading.

South African R3 to R209 and Driefontein slipped 35 cents to R76.65. Against the trend were Kinross, which firmed 50 cents to R65, and Gold Fields, which added 25 cents to R68.

Other minings were generally lower with Rustenburg losing R1 to R54. But De Beers moved higher, gaining 35 cents to R42.15.

Industrials were generally firmer.

EUROPE

Dollar fuels fresh plunge in Frankfurt

THE FRESH slide in the dollar pushed Frankfurt share prices into another free fall yesterday and took the Commerzbank index down 4.8 to 1,732.7.

This is the second time the index has fallen to a 12-month record low in less than a week, the last plunge taking it to 1,741.1 on January 28.

Fears over the dollar's effect on West German exports easily outweighed Wall Street's record performance on Monday as foreign investors sold their positions and small domestic purchases failed to make up the lost ground.

Once again leading blue chips were worst hit by the fall. Deutsche Bank lost DM 10 to DM 712 and Dresdner DM 13.20 to DM 348.80; both new 12-month lows, while Commerzbank was DM 11 lower at DM 277.

Cars also saw big losses, with Daimler, badly hit last week as well down DM 34 to DM 963. The Economics Ministry said the European Commission was investigating a second case in which Daimler might have received state aid inconsistent with EEC competition rules.

VW lost DM 23 to DM 324 and BMW DM 10 to DM 49 while Porsche was DM 20 lower at DM 870.

Siemens saw a DM 18 fall to DM 645 after little-changed first-quarter results. AEG was down DM 11 at DM 285.

Steel group Thyssen, which held its annual press conference, lost DM 4 to DM 109.50. Engineerng were steady or lower.

Bonds firmed on the dollar's decline which spurred demand for longer-dated issues, up to 50 basis points higher at the close. The Bundesbank bought DM 60.4m worth of paper.

Stockholm was buoyed by lower credit market interest rates, a big net inflow of currency last week and a bullish economic forecast by the Federation of Industries. The Swedish trade unions' decision not to renegotiate their wage contracts also helped.

The Veckans Affärer all-share index gained 19 to 830.7, and the J & P index rose 51.11 to 2,256.25 on turnover worth SKr 475m - the highest this year.

The value of total stock traded rose by 2.34 per cent.

Electrolux gained SKr 8 to SKr 296 in advance of news of flat 1986 profits.

Madrid reached yet another record high in heavy trading as the bourse index added 3.75 to 249.88.

Constructions and utilities were strongly ahead, with Vallehermoso up 12 percentage points at 526 per cent of

nominal market value and Iberduero rising 7.5 points to 153.50 per cent.

Telefónica gained 5 points to 165.50 per cent.

However, banks tended easier, and chemicals were mixed.

Amsterdam finished a little lower after opening down and then steady at mid-session as the dollar recovered slightly against the guilder. The uncertain currency outlook kept many investors out of the market.

Papermaker KNP, which said it expected a 50 per cent increase in 1987 sales, was off FI 2 at FI 140.80.

Zurich was driven lower by the dollar's weakness as prospects for a Group of Five meeting faded and US investors sold heavily. The Crédit Suisse stock index eased 2.9 to 546.6.

Banks were generally lower, but Bank Leu added SF 5 to SF 3,655. Another rare advance was Ciba Geigy, up SF 20 to SF 3,230.

Paris moved lower across the board, upset by the dollar's fresh decline and a forecast of lower short-term industrial output made by the National Statistics Institute.

Shares in Skis-Rossignol closed at FF 1,880 after plunging FF 110, or 6 per cent, in the last two sessions following controversy between the members of the French world championship ski team and the ski and sports equipment maker.

Members of the team have criticised Skis-Rossignol equipment during the current ski events at Crans Montana in Switzerland.

Brussels was unchanged to lower as the view spread in calm trading that stocks were overvalued.

Petrofina dropped BFr 80 to BFr 8,310, while Société Générale de Belgique lost BFr 95 to BFr 3,200.

Milan ended mixed in thin trade, with Fiat L30 higher at L13,830 after selling its 40 per cent stake in the Rockwell CVC joint venture company to Rockwell of the US.

Oslo was little changed in heavier trading than in recent weeks.

Frankfurt background, Page 17.

LONDON

AFTER a lower start share prices rallied hopefully in London ahead of Wall Street's opening. But they failed to hold on to Monday's peaks and turned easier towards the close, unsettled by a mixed New York market, an uncertain UK gilt-edged sector and an opinion poll putting the opposition Labour Party slightly ahead.

The FT-SE 100 index finished 4.2 lower at 1,828.6 after a 10-point fall in early trading while the FT Ordinary index was down 5.4 at 1,458.5.

Bond trading was cautious in advance of the auction of US Federal bonds opening tomorrow. But prices rallied from early falls to a little-changed close on the latest economic indicators from the US.

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SINGAPORE

BUOYED by hopes of good year-end results, Singapore continued its climb over a broad front, begun on Monday.

Despite some late profit-taking the Straits Times industrial index added 5.06 to close at 972.83, its highest level since August 7 1984. Turnover was almost double the previous day's 26.1m at 41.5m.

Blue chips were bought heavily by institutions and included banks DBS, up 10 cents at \$10.35, and OCBC, up 10 cents at \$8.75. However, UOB lost 2 cents to \$8.42 and OUB was unchanged at \$8.32.

Other blue-chip gains included Genting, up 10 cents at \$8.10, and Sime Darby which rose 5 cents to \$2.86.

The profit-taking also left some other quality stocks unchanged to lower. Frasers and Neave was steady at \$8.85, Singapore Land shed 10 cents to \$8.95, Singapore Press was also 10 cents down at \$7.80 and Cold Storage fell 2 cents to \$3.70.

AUSTRALIA

RENEWED INTEREST after five days of decline pushed the market sharply higher in Sydney in generally thin trading, with blue chips the main focus of attention. The All Ordinaries index closed up 1.56 at 1,502.5.

Resources were active and higher, with BHP rising 5 cents to A\$9.22 and Bell Resources gaining 17 cents to A\$4.75.

Media stocks were mixed, with Herald and Weekly Times and News Corp in the takeover area both ending unchanged at A\$15.70 and A\$17.50, respectively.

In banks ANZ added 20 cents to A\$5.70 and Westpac 10 cents to A\$4.75.

FAI insurances, which has lifted its stake in Hill Samuel, the British merchant bank, rose 10 cents to A\$9.30 after higher profits.

HONG KONG

BRITISH-BASED fund managers were active buyers of bank shares in Hong Kong, with demand for the sector attributed to a stable local currency after its recent fluctuations.

Hongkong Bank rose 15 cents to HK\$8.80, and Hang Seng Bank picked up 15 cents to HK\$42.75.

Elsewhere, profit-taking pared early gains though the Hang Seng index still managed a net 21.14 rise to 2,866.38.

Cheung Kong put on 25 cents to HK\$42.25, Swire Pacific 20 cents to HK\$30.10 and Jardine Matheson 10 cents to HK\$22.80.

Montreal also moved higher.

CANADA

THE BULLISH mood continued in Toronto in active trading, with industrials and utilities leading the rally.

Bell Canada led the advance in brisk trading gaining CS% to CS40. Metals were also firmer, with Falconbridge rising CS% to CS17% and Noranda putting on CS% to CS24%.

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